CREIT

BUILDING WEALTH ON A SOLID FOUNDATION

Changing the way people

think about real estate

2000 Annual Report

Profile • Canadian Real Estate Investment Trust ("CREIT") is dedicated to building wealth for its Unitholders through reliable and, over time, growing monthly income and long-term value enhancement. CREIT owns a quality portfolio of more than 100 retail, office and industrial properties. Its disciplined approach minimizes risk while delivering attractive long-term returns.

Changing the way people **think about real estate**

Any investor would like the idea of a secure and growing yield plus the potential for capital appreciation. Not to mention liquidity and diversification. But they wouldn't associate all those attributes with direct real estate ownership or an investment in a public real estate company.

At CREIT, we're changing the way people think about real estate as an investment.

For the past seven years, CREIT has delivered a high yield, growing income and significant capital appreciation to its Unitholders. What's more, our investors enjoy significant tax advantages plus the liquidity that comes from a public listing on Canada's largest stock exchange.

If you'd like to know more, turn to page 5. It might just change the way you think about real estate.

Year 2000 Financial Snapshot

Millions of Dollars	2000	1999
Total assets	$ 731	$ 730
Property rental revenue	$ 113	$ 106
Distributable income	$ 41	$ 40

Per Unit Amounts		
Distributable income per Unit	$ 1.22	$ 1.20
Cash distributions paid per Unit	$ 1.17	$ 1.17

Total annual return* to Unitholders

15.3%

For the year 2000

12.5%

For the years 1996 to 2000

**Total return (pre-tax) is defined as the total of the monthly cash distributions paid to Unitholders during the period plus, or minus, any change in the Unit price during the period. The start date for the one-year figure above is January 1, 2000 (January 1, 1996 for the five-year figure), and the end date is December 31, 2000 for both the one-year and five-year figures. The five-year figure reflects the average annual total return over the period.*

Stephen E. Johnson
President and Chief Executive Officer

My fellow Unitholders

It was another solid year for CREIT. We achieved record occupancy levels in our real estate portfolio, continued to grow our distributable income and successfully introduced an institutional co-investment strategy.

We have remained focused on our goal of delivering a reliable yield to our Unitholders through the ownership of a portfolio of quality real estate assets.

And now, as we enter 2001, the right elements are in place for CREIT to pursue a more active growth strategy.

Operations

During 2000, we concluded leasing transactions on 2.1 million square feet – 24% of our portfolio. Our portfolio occupancy level rose to 97% at December 31, 2000 compared to 95% a year earlier. This was an indication of the strength of property markets in general and the quality of CREIT's portfolio in particular. The markets in which CREIT's properties are located have experienced a healthy demand for space.

In 2000 we also strengthened our portfolio by completing the disposition of the "miscellaneous" assets on our balance sheet and by repositioning two retail properties. Specifically, we sold two parcels of land, one on St. Jacques Street in Montreal and the other on Queen Street in Ottawa. The proceeds and the net gain resulting from these transactions are being redeployed into income-producing property in line with our investment objectives.

On the repositioning front, we successfully completed the "de-malling" of Baie d'Urfé Plaza in suburban Montreal, while a similar project, Brookdale Mall in Cornwall, Ontario, anchored with a Wal-Mart and A&P food store, was well advanced. The Baie d'Urfé and Cornwall malls were acquired as

We have remained focused on our goal of delivering a reliable yield to our Unitholders through the ownership of a portfolio of quality real estate assets.

part of an earlier portfolio acquisition and both were vulnerable to competitive pressures. They are now unenclosed food-anchored retail properties, each with a strong market position.

Recurring distributable income rose 2½% to $40.8 million ($1.22 per Unit in 2000 versus $1.20 per Unit in 1999). Distributions per Unit remained steady at $1.17.

Strategy – Positioning for Growth

Over the past couple of years, we have been steadily putting into place the critical elements that will allow us to build a scalable business. At the core of our growth strategy is self-management. In 1999, we assumed direct management control of CREIT's assets through an agreement that ended the role of our external asset manager. Early in 2001, we concluded a similar transaction and assumed internal control of property management as well.

CREIT now operates like a traditional real estate company, with fully integrated and internalized asset management and property management functions. CREIT is among a small group of Canadian REITs that operate in this manner and enjoys some advantages as a result.

For example, our fully internalized structure has allowed CREIT to pursue new opportunities in "co-investment." In 2000, we completed our first co-investment transaction with the sale of a 50% interest in our office building at 220 Portage Avenue, Winnipeg to the *Canadian Pacific Pension Fund*. CREIT will maintain full management and leasing responsibilities for the building.

Co-investment provides a number of important benefits to CREIT. First, because the properties are managed by CREIT, we earn additional income for the Trust, allowing us to realize a higher yield on our share of the investment. Second, this strategy allows us to expand the number and size of investments that we can make, thereby improving both the diversity and the quality of the portfolio. Over time, as we undertake more of these co-investments, we will also enhance the strength and efficiency of our property management operations. We see co-investment as an important contributor to CREIT's growth.

Strategy – Growth Through Acquisitions

Another key enabler of our growth lies in our Unit trading price. Our Unit price appreciated nicely during 2000 and has continued its upward trend into the first months of 2001.

CREIT now trades at an attractive multiple of recurring distributable income relative to our peer group. This is a significant competitive advantage because it provides CREIT with a wider spread on our new acquisitions.

When CREIT's Unit price is at or above our net asset value, it is beneficial to raise new equity and grow our asset base through acquisitions. We are entering a period when the economics of making acquisitions with new equity capital will add to our total distributable income.

In CREIT's case, the potential accretion from a new equity issue is enhanced through management fee profits because we are self-managed, and as well through our co-investment strategy.

Collectively, these components will create the platform at CREIT for a virtuous circle of value creation. Here's how it works.

If CREIT Units trade at or near their net asset value, we can raise new equity for acquisitions to generate additional income per Unit. The additional income in turn will increase the value of our Units, making it attractive to again raise new equity funds. Each sequential equity issue will add more to total distributable income. The Unit price should respond accordingly... thus, a virtuous circle.

We are experienced enough to know that even virtuous circles will, from time to time, lose their momentum. However, the current outlook is favourable.

Against this background, on February 19, 2001, CREIT announced a new equity issue of 4,200,000 Units at a price of $12.00 per Unit, for gross proceeds of $50.4 million, excluding an over-allotment option for the underwriters to acquire an additional 630,000 Units. The issue was well received by the market.

Summary

CREIT is well positioned for growth in 2001.

We will, no doubt, also face new challenges during the year. It is uncertain how deep or long a period of economic slowdown we are entering. The weaker the environment, the more difficult it will be to increase rents and maintain tenancies. The retail market in Canada is already acknowledged to be over-built and may prove even more vulnerable in weaker economic conditions. In mid-February 2001 we were informed that two Cineplex theatres at CREIT-owned malls will close as part of that chain's filing for court protection.

Rest assured however, that as we shift into a more active acquisition mode and at the same time face a less robust economic climate, CREIT will retain its conservative character. Reliability is the most important cultural value at CREIT.

Our focus remains simple and firm – we will continue to deliver reliable and increasing distributions from a quality real estate portfolio – exactly what we've provided to our Unitholders since our formation as a REIT in July 1993.

Stephen Johnson

Stephen E. Johnson
President and Chief Executive Officer
March 15, 2001

Changing the way people

think about real estate

...no other asset class can deliver the same proven combination of security, current yield and growth potential.

Wealthy families have relied on real estate investing over the centuries because when prudently financed and professionally managed, no other asset class can deliver the same proven combination of *security, current yield and growth potential*.

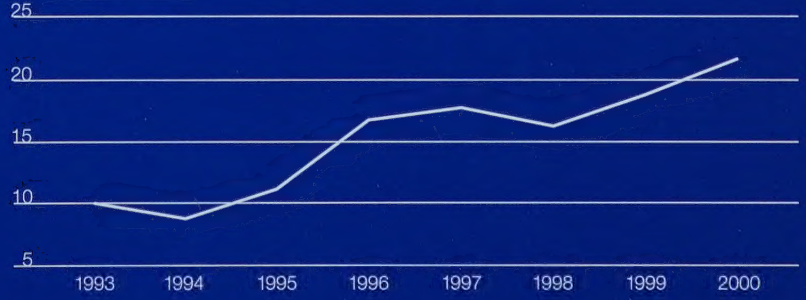
For the average investor, however, it is just too expensive to buy quality investment properties, let alone achieve a prudent degree of diversification.

That changed with the introduction of Real Estate Investment Trusts (REITs) to Canada in 1993.

Investments such as CREIT put the traditional benefits of real estate ownership within reach of all investors, including significant diversification, without the headaches of direct property ownership. REITs also offer all the liquidity benefits of a publicly traded security. Better yet, the substantial cash distributions that flow to Unitholders come with remarkable tax advantages.

The following pages, which describe these attributes in more detail, show why CREIT is beginning to change the way public market investors think about an investment in real estate.

Total Return on a $10,000 Investment in 1993
(in thousands of dollars)



Changing the way people **think about real estate**

A high, secure yield

As of December 31, 2000, CREIT was trading at a price of $11.45 per Unit, generating a pre-tax running yield of 10.2% (paid monthly) compared to 5.4% (paid semi-annually) for a ten-year Government of Canada Bond.

That kind of performance starts with high quality assets, the type that attracts healthy occupancy levels at almost every stage of the economic cycle. CREIT focuses on the acquisition of "proprietary" real estate – assets strategically located in prosperous communities where there are significant barriers to entry for new competitive real estate developments.

To maintain leadership positioning in their markets, CREIT assets are now (effective first quarter 2001) actively managed by our own fully internalized, integrated management team.

If the above factors create the high yield – what makes the yield secure?

Public real estate investors have traditionally been exposed to high levels of leverage. At CREIT, maximum leverage is limited under our Declaration of Trust to 50% except in specific circumstances where a higher level (up to 60% on a short-term basis) is in the beneficial interest of the Trust.

552 to 560 Sackville Drive ··· Halifax, Nova Scotia ··· CREIT Ownership 100% ··· Percentage Leased 100%

Occupancy by Asset Class*
(as of Dec. 31, 2000)

100%
Multi-family residential

97%
Industrial, Office and Retail

Diversification also helps to mitigate risk. The CREIT portfolio is well diversified – both in terms of asset class and geographic location.

Most significantly, CREIT's Board of Trustees and management team have made the reliability of CREIT's yield their number one strategic priority.

**Reflects the relative strength of the performance of the CREIT real estate portfolio. From an industry perspective, anything above a 95% occupancy level generally reflects better than market performance.*

Changing the way people **think about real estate**

Steady growth

Since CREIT's formation as a REIT in July 1993, cash distributions to Unitholders have increased by more than 100%.

What's behind this growth?

Fundamentally, it is driven by increasing rents and new acquisitions.

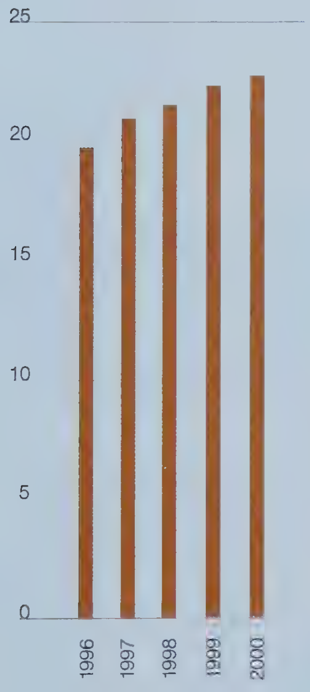
History has shown that rents generated from high quality, well-situated real estate assets have increased over time.

By way of example, earnings before interest, income taxes, depreciation and amortization (EBITDA) on the CREIT assets owned since 1996 have grown, on average, at 3.7% per annum (3.7% compound annual growth rate).

Rising rents translate into higher values for the individual real estate assets. They also translate into a higher distributable income for CREIT Unitholders, which, in turn, leads to a higher Unit price.

100 Alexis Nihon Blvd. ··· Montreal, Quebec ··· CREIT Ownership 37.5%

EBITDA on the Same-Asset Basis
(in millions of dollars)



Better still, this pattern of rising income and capital appreciation can be a terrific propellant for incremental growth. Specifically, when CREIT Units trade at or near their net asset value, there is a compelling reason to access equity markets. The additional equity capital can be invested in new acquisitions to enhance income per Unit for both existing and new investors. Rising income from these acquisitions leads to more appreciation in Unit values, which makes it attractive to tap equity markets again for new investment capital.

Thus, in addition to providing an attractive present day yield, a well-tuned REIT can be a formidable growth vehicle.

Beneficial tax treatment

An investment in real estate. High, secure yield. Growth.

And tax benefits!

Because CREIT is structured as a Real Estate Investment Trust (REIT), its Unitholders enjoy a package of financial benefits that would otherwise be achieved only through the direct ownership of the underlying real estate assets.

One of these benefits is the tax treatment applied to a REIT Unitholder.

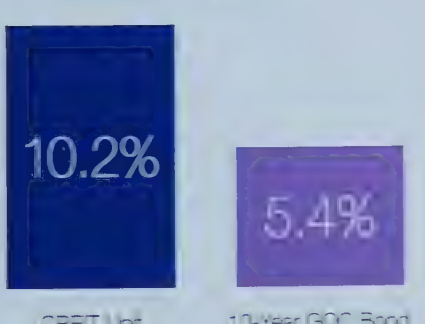
To illustrate, assume that a CREIT Unitholder received $100 of cash distributions in a given calendar year. Based on recent history, approximately 55% of this cash distribution would not be subject to any immediate income tax. This is referred to as the "tax-deferred" component of the cash distribution.

This means that for each $100 of cash distributions received, the investor would be assessed current taxable income of only $45.[1]

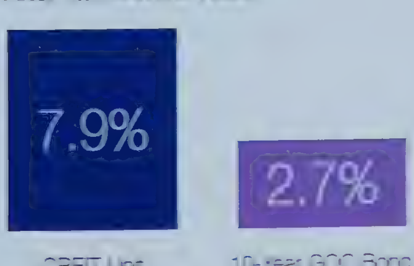
The Shops at Oak Brook Place ··· Oak Brook, Illinois ··· CREIT Ownership 100% ··· Percentage Leased 100%

Illustration of the Immediate
Tax Deferral Benefit
(By way of comparison with a 10-year Government of Canada Bond)

Pre-Tax Current Yields*



After-Tax Current Yields*



The tax-deferred component of the cash distributions ($55 in this example) would be applied as a reduction to the CREIT Unitholder's cost base for tax purposes. When the investor ultimately sells their CREIT Units, they will then pay tax on this $55 amount as a gain – with capital gain tax treatment.

The net benefit to the investor, therefore, is twofold. First, there is an immediate tax deferral on a portion of the cash distribution received. Second, when tax is payable on this deferred amount (only upon the sale of the Unit) the investor will generally benefit because the deferred amount is taxed as a capital gain, not as ordinary income.[2]

(1) Illustration assumes no taxable gains or losses from investment or divestiture activities within the Trust itself during the relevant period.

(2) Tax treatment may differ for some investors. CREIT Units held in an RRSP or by a tax-exempt investor are not impacted by these tax issues.

**Chart assumptions (as of December 31, 2000)*

- *i) CREIT Unit price of $11.45*
- *ii) CREIT's cash distribution at $1.17 per Unit annualized*
- *iii) Tax deferral rate of 55%*
- *iv) Government of Canada Bond yield of 5.4%*
- *v) Marginal tax rate of 50%*
- *vi) Comparison not meant to reflect relative risks*

Convenient liquidity

Even for those investors wealthy enough to directly purchase investment grade real estate properties, there is an inherent lack of flexibility and liquidity in the ownership of such assets.

Direct property ownership may well provide the specific benefits of high yield and capital appreciation, but it's difficult to buy and sell such assets in a timely fashion. Publicly traded REITs have eliminated this problem by giving investors access to proportional ownership of a portfolio of real estate assets in a liquid security.

CREIT Units are traded daily on The Toronto Stock Exchange, similar to any other publicly traded, equity-based investment. During 2000, an average of 29,000 Units of CREIT changed hands each day on the TSE. Such daily volumes help ensure a liquid and efficient market for our Units.

While CREIT holds real estate properties for the long-term benefits, individual investors can buy and sell their Units at any moment.

Stafford Centre ··· Nepean, Ontario ··· CREIT Ownership 100% ··· Percentage Leased 100%

Top 10 Tenants

Tenants	% of Gross Revenue
Credit Suisse First Boston	2.5
Jim Pattison Industries Ltd.	2.3
T.J. Maxx	2.0
Forzani Group	1.9
Canada Safeway Limited	1.8
IPCF Properties	1.8
Wal-Mart Canada Inc.	1.7
The Business Depot Ltd.	1.7
Ontario Medical Association	1.7
Future Shop	1.7

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Predictable results

Over the past number of years, CREIT has delivered a secure, growing yield, steady capital appreciation and a tax-advantaged return.

But what about tomorrow?

Because there is an inherent level of predictability in our business – particularly over a five-year horizon or so, we are comfortable estimating the total return our Unitholders can expect from an investment in CREIT.

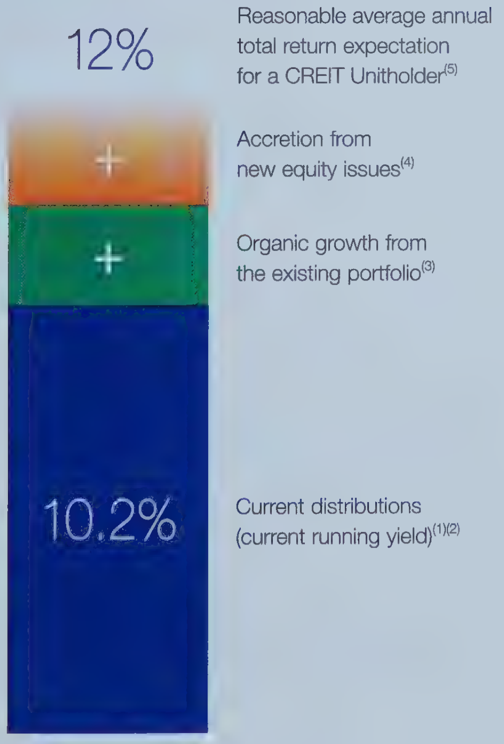
Total return to our investors is comprised of the monthly distributions paid out (our running yield) plus any increase or decrease in the Unit price over the specific investment period.

Our target is to provide, on average, a total return to our Unitholders of approximately 12% per annum.

The next five years will undoubtedly include periods of time that deliver higher or lower returns to our investors. However, measured over a span of years, we believe that our target is realistic and achievable.

Royal Bank Building, 220 Portage Avenue ··· Winnipeg, Manitoba ··· CREIT Ownership 50% ··· Percentage Leased 100%

The Components of Total Return for a CREIT Unitholder



Our confidence stems from the way CREIT is structured. Predictability and reliability are built into the way we manage our business – as evidenced by our staggered lease maturities, our staggered debt maturities, our 50% leverage restriction and our policy of transparent disclosure.

We have structured CREIT with a conservative profile to deliver as expected over a long-term investment horizon.

Chart assumptions (as of December 31, 2000)

(1) *CREIT Unit price of $11.45*

(2) *CREIT's cash distribution at $1.17 per Unit annualized*

(3) *Organic growth expectation in the existing portfolio of 2% to 3% per annum before any new equity issues*

(4) *New equity is raised only when it is accretive to do so; the amount of the accretion will vary depending upon the type of real estate acquired, the then current interest rates, etc.*

(5) *Average total return expectation of 12% per annum over the next five years or so, assuming stable economic conditions and stable interest rates*

Schedule of properties

As at December 31, 2000

CREIT owns a high-quality portfolio of more than 100 retail, office, industrial and multi-family residential properties.

Industrial/Warehouse

Property	**Eastgate Business Park** (3 properties)
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	266,341
Ownership (Sq. Ft.)	266,341
Percentage Leased	100%
Major Tenants	Kuehne & Nagel, Berlinex Inc., WFF Fittings

Property	**Norwester Distribution Centre**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	443,334
Ownership (Sq. Ft.)	443,334
Percentage Leased	100%
Major Tenants	Teco Westinghouse, Graphic Papers, United Auto Parts

Property	**Bonaventure Business Park**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	104,347
Ownership (Sq. Ft.)	104,347
Percentage Leased	100%
Major Tenants	Anixter Canada Ltd.

Property	**11724 – 180 Street**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	94,681
Ownership (Sq. Ft.)	94,681
Percentage Leased	100%
Major Tenants	Crossroads Industries

Property	**15706 – 116 Avenue**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	57,696
Ownership (Sq. Ft.)	57,696
Percentage Leased	100%
Major Tenants	Kal Tire, Rentway

Property	**Foothills Industrial Park** (11 properties)
Location	Calgary, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	749,083
Ownership (Sq. Ft.)	749,083
Percentage Leased	99%
Major Tenants	Caytec Equipment, Globe Wood, Canadian Waste Management

Industrial Total Area (Sq. Ft.) **4,484,261**

Property	**Skyline Industrial Park** (7 properties)
Location	Calgary, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	334,524
Ownership (Sq. Ft.)	334,524
Percentage Leased	98%
Major Tenants	City of Calgary, Calgary Regional Health Authority, Field Aviation, Primco Ltd.

Property	**8100 Park Hill Drive**
Location	Milton, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	101,463
Ownership (Sq. Ft.)	101,463
Percentage Leased	100%
Major Tenants	Sauder Industries Limited

Property	**Airport Business Park North** (6 properties)
Location	Mississauga, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	573,162
Ownership (Sq. Ft.)	573,162
Percentage Leased	100%
Major Tenants	Hunter Douglas Canada, Tech Data Canada, Forzani's

Property	**30 Aviva Park Drive**
Location	Vaughan, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	141,978
Ownership (Sq. Ft.)	141,978
Percentage Leased	100%
Major Tenants	Alfield Industries Limited

Property	**90 Nolan Court**
Location	Markham, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	123,720
Ownership (Sq. Ft.)	123,720
Percentage Leased	99%
Major Tenants	Cameo Kitchens, Raymond McClure

Property	**925 Brock Road**
Location	Pickering, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	257,824
Ownership (Sq. Ft.)	257,824
Percentage Leased	69%
Major Tenants	Livingston Logistics, Vesco Profiles, MDC

Property	**927, 929, 931 Brock Road**
Location	Pickering, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	57,882
Ownership (Sq. Ft.)	57,882
Percentage Leased	100%
Major Tenants	North American Van Lines

Property	**1100 Squires Beach Road**
Location	Pickering, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	191,778
Ownership (Sq. Ft.)	191,778
Percentage Leased	100%
Major Tenants	RDP Fulfillment, Automodular

Property	**705 – 725 Belfast Road**
Location	Ottawa, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	55,751
Ownership (Sq. Ft.)	55,751
Percentage Leased	100%
Major Tenants	United Auto Parts

Property	**510 – 560 Orly Blvd.**
Location	Dorval, Quebec
Ownership Interest	100%
Total Area (Sq. Ft.)	121,211
Ownership (Sq. Ft.)	121,211
Percentage Leased	100%
Major Tenants	Samuel, Son & Co., Induspac, Tubular Industries

Property	**4771 – 4825 Couture Blvd.**
Location	St. Leonard, Quebec
Ownership Interest	100%
Total Area (Sq. Ft.)	89,765
Ownership (Sq. Ft.)	89,765
Percentage Leased	100%
Major Tenants	Canplast

Property	**Burnside Industrial Park** (15 properties)
Location	Halifax, Nova Scotia
Ownership Interest	100%
Total Area (Sq. Ft.)	719,721
Ownership (Sq. Ft.)	719,721
Percentage Leased	94%
Major Tenants	Sauder Industries Limited, Abbott Laboratories, Lawton Drugs, Cantrax, Communication Links

Ownership (Sq. Ft.) **4,484,261** Percentage Leased **97%**

Retail

Property	**Island Home Centre**
Location	Victoria, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	163,979
Ownership (Sq. Ft.)	163,979
Percentage Leased	100%
Major Tenants	Future Shop, Michaels, Sport Chek, Business Depot, Standard Furniture

Property	**Discovery Harbour**
Location	Campbell River, British Columbia
Ownership Interest	50%
Total Area (Sq. Ft.)	389,311
Ownership (Sq. Ft.)	194,656
Percentage Leased	99%
Major Tenants	Real Canadian Superstore, Zellers, Canadian Tire

Property	**Pinetree Village**
Location	Coquitlam, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	200,277
Ownership (Sq. Ft.)	200,277
Percentage Leased	100%
Major Tenants	Save-On Foods, Future Shop, Chapters, Cineplex Odeon

Property	**London Village**
Location	Coquitlam, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	67,441
Ownership (Sq. Ft.)	67,441
Percentage Leased	100%
Major Tenants	London Drugs, chartered bank

Property	**Maple Ridge Square**
Location	Maple Ridge, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	79,659
Ownership (Sq. Ft.)	79,659
Percentage Leased	96%
Major Tenants	Extra Foods, Saan Stores, Pharmasave Drugs

Property	**Spruceland Shopping Centre**
Location	Prince George, British Columbia
Ownership Interest	65%
Total Area (Sq. Ft.)	141,423
Ownership (Sq. Ft.)	91,925
Percentage Leased	96%
Major Tenants	Overwaitea Foods, Shoppers Drug Mart, Mark's Work Wearhouse, Petcetera

Property	**Columbia Place Shopping Centre**
Location	Kamloops, British Columbia
Ownership Interest	50%
Total Area (Sq. Ft.)	129,876
Ownership (Sq. Ft.)	64,938
Percentage Leased	99%
Major Tenants	Overwaitea Foods, B.C. Liquor Store, Earl's Restaurant

Property	**Columbia Square Shopping Centre**
Location	Kamloops, British Columbia
Ownership Interest	50%
Total Area (Sq. Ft.)	102,346
Ownership (Sq. Ft.)	51,173
Percentage Leased	100%
Major Tenants	Toys 'R' Us, Office Depot

Property	**South Trail Shopping Centre**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	68,116
Ownership (Sq. Ft.)	68,116
Percentage Leased	100%
Major Tenants	Future Shop, Winners

Property	**Clareview Towne Centre**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	50,829
Ownership (Sq. Ft.)	50,829
Percentage Leased	100%
Major Tenants	Future Shop, Rogers Video, Mark's Work Wearhouse

Property	**Duggan Shopping Centre**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	27,912
Ownership (Sq. Ft.)	27,912
Percentage Leased	80%
Major Tenants	Esso, Kentucky Fried Chicken

Property	**10010 – 132 Avenue**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	11,532
Ownership (Sq. Ft.)	11,532
Percentage Leased	100%
Major Tenants	Swiss Chalet

Retail Total Area (Sq. Ft.) **3,622,082**

Property	**Crossroads Shopping Centre**
Location	Edmonton, Alberta
Ownership Interest	50%
Total Area (Sq. Ft.)	27,365
Ownership (Sq. Ft.)	13,683
Percentage Leased	100%
Major Tenants	Earl's Restaurant, Visions Electronics, Burger King

Property	**South Point Shopping Centre**
Location	Edmonton, Alberta
Ownership Interest	50%
Total Area (Sq. Ft.)	81,657
Ownership (Sq. Ft.)	40,829
Percentage Leased	100%
Major Tenants	Petsmart, Chapters

Property	**Summer Breeze Shopping Centre**
Location	Edmonton, Alberta
Ownership Interest	50%
Total Area (Sq. Ft.)	52,780
Ownership (Sq. Ft.)	26,390
Percentage Leased	100%
Major Tenants	Business Depot, Shoppers Drug Mart, Sport Mart

Property	**Depot 170**
Location	Edmonton, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	79,628
Ownership (Sq. Ft.)	79,628
Percentage Leased	100%
Major Tenants	Chapters, Petsmart, Sport Mart

Property	**St. Albert Square**
Location	St. Albert, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	58,316
Ownership (Sq. Ft.)	58,316
Percentage Leased	100%
Major Tenants	Staples, Chapters, Mark's Work Wearhouse

Property	**London Town Square**
Location	Calgary, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	116,630
Ownership (Sq. Ft.)	116,630
Percentage Leased	95%
Major Tenants	London Drugs, Cineplex Odeon

Property	**Shawnessy Village**
Location	Calgary, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	101,853
Ownership (Sq. Ft.)	101,853
Percentage Leased	100%
Major Tenants	Safeway Supermarket, Blockbuster Video, A&W, chartered bank

Property	**Glenmore Square**
Location	Calgary, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	76,592
Ownership (Sq. Ft.)	76,592
Percentage Leased	95%
Major Tenants	Safeway, Shoppers Drug Mart, chartered bank

Property	**Cornerstone Power Centre**
Location	Medicine Hat, Alberta
Ownership Interest	100%
Total Area (Sq. Ft.)	112,236
Ownership (Sq. Ft.)	112,236
Percentage Leased	100%
Major Tenants	IGA, Staples, Mark's Work Wearhouse

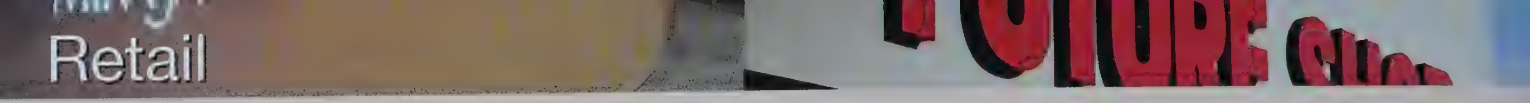
Property	**Swift Current Shopping Centre**
Location	Swift Current, Saskatchewan
Ownership Interest	100%
Total Area (Sq. Ft.)	194,779
Ownership (Sq. Ft.)	194,779
Percentage Leased	94%
Major Tenants	Zellers, Safeway

Property	**Winston Power Centre**
Location	Oakville, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	113,838
Ownership (Sq. Ft.)	113,838
Percentage Leased	100%
Major Tenants	Winners, Forzani's, Business Depot

Property	**Halton Village**
Location	Georgetown, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	74,285
Ownership (Sq. Ft.)	74,285
Percentage Leased	100%
Major Tenants	Canadian Tire, Mark's Work Wearhouse, Boston Pizza

Ownership (Sq. Ft.) **3,101,072** Percentage Leased **97%**

Retail



Property	**Springdale Square**
Location	Brampton, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	105,453
Ownership (Sq. Ft.)	105,453
Percentage Leased	100%
Major Tenants	Fortino's, 2 chartered banks, Blockbuster Video, McDonald's

Property	**Gardiners Town Centre**
Location	Kingston, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	105,814
Ownership (Sq. Ft.)	105,814
Percentage Leased	97%
Major Tenants	A&P, Shoppers Drug Mart, Wendy's, Pizza Hut

Property	**Stafford Centre**
Location	Nepean (Ottawa), Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	130,455
Ownership (Sq. Ft.)	130,455
Percentage Leased	100%
Major Tenants	LOEB, Winners, Mark's Work Wearhouse, Shoppers Drug Mart

Property	**Brookdale Mall**
Location	Cornwall, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	259,390
Ownership (Sq. Ft.)	259,390
Percentage Leased	87%
Major Tenants	Wal-Mart, A&P

Property	**Hull Wal-Mart Centre**
Location	Hull, Quebec
Ownership Interest	50.1%
Total Area (Sq. Ft.)	160,013
Ownership (Sq. Ft.)	80,167
Percentage Leased	100%
Major Tenants	Wal-Mart, Staples, Moores The Suit People

Property	**Baie d'Urfé Plaza**
Location	Baie d'Urfé, Quebec
Ownership Interest	100%
Total Area (Sq. Ft.)	58,492
Ownership (Sq. Ft.)	58,492
Percentage Leased	89%
Major Tenants	Provigo

Property	**9 Champlain Drive**
Location	Dieppe, New Brunswick
Ownership Interest	100%
Total Area (Sq. Ft.)	21,922
Ownership (Sq. Ft.)	21,922
Percentage Leased	100%
Major Tenants	Swiss Chalet, Mike's Restaurant

Property	**655 University Avenue**
Location	Charlottetown, Prince Edward Island
Ownership Interest	100%
Total Area (Sq. Ft.)	26,043
Ownership (Sq. Ft.)	26,043
Percentage Leased	100%
Major Tenants	Staples

Property	**552 to 560 Sackville Drive**
Location	Halifax, Nova Scotia
Ownership Interest	100%
Total Area (Sq. Ft.)	14,992
Ownership (Sq. Ft.)	14,992
Percentage Leased	100%
Major Tenants	Swiss Chalet, Mike's Restaurant

Property	**135 Wyse Road**
Location	Halifax, Nova Scotia
Ownership Interest	100%
Total Area (Sq. Ft.)	10,050
Ownership (Sq. Ft.)	10,050
Percentage Leased	100%
Major Tenants	Credit Union Atlantic, ICI Paints

Property	**The Young-Kempt Centre**
Location	Halifax, Nova Scotia
Ownership Interest	100%
Total Area (Sq. Ft.)	29,878
Ownership (Sq. Ft.)	29,878
Percentage Leased	100%
Major Tenants	Burger King, Steak & Stein, Nova Scotia Power

Property	**The Shops at Oak Brook Place**
Location	Oak Brook, Illinois (U.S.)
Ownership Interest	100%
Total Area (Sq. Ft.)	176,920
Ownership (Sq. Ft.)	176,920
Percentage Leased	100%
Major Tenants	T.J. Maxx, Nordstrom Rack, Old Navy

Office Total Area (Sq. Ft.) **1,194,801**

Office

Property	**1185 West Georgia Street**
Location	Vancouver, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	165,720
Ownership (Sq. Ft.)	165,720
Percentage Leased	99%
Major Tenants	Canada Safeway, B.C. Buildings Corporation, Page Fraser & Assoc.

Property	**1200 Burrard Street**
Location	Vancouver, British Columbia
Ownership Interest	100%
Total Area (Sq. Ft.)	68,971
Ownership (Sq. Ft.)	68,971
Percentage Leased	96%
Major Tenants	Chartered bank, SNC Lavalin

Property	**220 Portage Avenue**
Location	Winnipeg, Manitoba
Ownership Interest	50%
Total Area (Sq. Ft.)	169,229
Ownership (Sq. Ft.)	84,615
Percentage Leased	100%
Major Tenants	Chartered bank, Agricore

Property	**Birch-Oak Centre**
Location	Oakville, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	57,906
Ownership (Sq. Ft.)	57,906
Percentage Leased	100%
Major Tenants	Royal LePage, Subway

Property	**525 University Avenue**
Location	Toronto, Ontario
Ownership Interest	90.9%
Total Area (Sq. Ft.)	188,368
Ownership (Sq. Ft.)	171,197
Percentage Leased	100%
Major Tenants	Credit Suisse/AT&T, Ontario Medical Association

Property	**80 Micro Court**
Location	Markham, Ontario
Ownership Interest	100%
Total Area (Sq. Ft.)	79,976
Ownership (Sq. Ft.)	79,976
Percentage Leased	100%
Major Tenants	Toyota Credit, Ace Hardware

Property	**2300 St. Laurent Blvd.**
Location	Ottawa, Ontario
Ownership Interest	50%
Total Area (Sq. Ft.)	38,785
Ownership (Sq. Ft.)	19,393
Percentage Leased	100%
Major Tenants	ISM Information System Management, Government of Canada

Property	**100 Alexis Nihon Blvd.**
Location	Montreal, Quebec
Ownership Interest	37.5%
Total Area (Sq. Ft.)	286,320
Ownership (Sq. Ft.)	107,370
Percentage Leased	83%
Major Tenants	Government of Canada, Quintiles, Alis Technologies

Property	**Young Tower**
Location	Halifax, Nova Scotia
Ownership Interest	100%
Total Area (Sq. Ft.)	139,526
Ownership (Sq. Ft.)	139,526
Percentage Leased	100%
Major Tenants	Government of Canada, Rogers Cantel, Eastlink Telephone

Total Commercial Property

Total Area (Sq. Ft.)	**9,301,144**
Ownership (Sq. Ft.)	**8,480,007**
Percentage Leased	**97%**

Multi-Family Residential

Property	**30 Lakeshore Drive**
Location	Pointe-Claire, Quebec
Ownership Interest	100%
Total Area (# of units)	161 units
Percentage Leased	100%

Property	**80 Lakeshore Drive**
Location	Pointe-Claire, Quebec
Ownership Interest	100%
Total Area (# of units)	126 units
Percentage Leased	100%

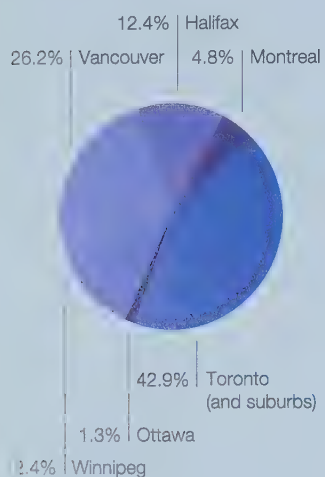
Ownership (Sq. Ft.) **894,674** Percentage Leased **97%**

Management's discussion and analysis of results of operations should be read in conjunction with the Trust's audited financial statements for the years ended December 31, 2000 and 1999.

Overview of the Business

Canadian Real Estate Investment Trust (the "Trust") was established in 1984 and became a public real estate investment trust ("REIT") in July 1993.

2000 Office EBITDA* by City
(percentage)



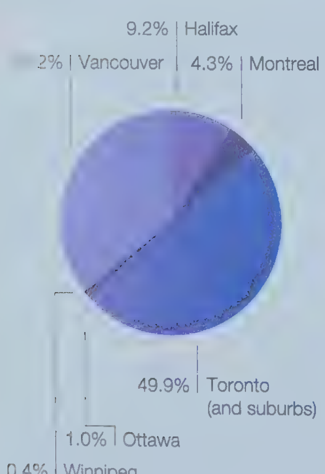
The Trust owns a diversified real estate portfolio consisting of office, industrial, retail and multi-family residential properties located throughout Canada and in the Chicago, Illinois area of the United States. The portfolio is comprised of 102 properties containing 9.3 million square feet of leasable space (the Trust's ownership interest is 8.5 million square feet).

The Trust's principal goal is to deliver a reliable and growing yield to our Unitholders from a high-quality real estate portfolio. The chart below summarizes the cash distribution per Trust Unit during the year, and the closing price of the Trust's Units on The Toronto Stock Exchange on the last trading day of each calendar year.

	2000	1999	1998	1997	1996	1995	1994
Cash distribution per Unit	**$ 1.17**	$ 1.17	$ 1.14	$ 1.03	$ 0.91	$ 0.82	$ 0.58
Closing price	**$11.45**	$10.95	$10.55	$12.70	$12.90	$ 9.38	$ 8.00

The Trust accomplishes its principal goal by acquiring well-located properties with quality tenants on long-term leases situated in demographically attractive areas, by striving to maintain high occupancies in its properties, by achieving rental rate increases, by striving to operate with an efficient cost structure, by managing debt to obtain the lowest cost consistent with a staggered maturity schedule and by systematically disposing or redeveloping non-core or dysfunctional assets.

999 Office EBITDA* by City
centage)



EBITDA – Property Earnings Before Interest, Income Taxes, Depreciation and Amortization

Portfolio Asset Analysis

CREIT's *retail* property strategy is to focus primarily on the acquisition and long-term ownership of food store–anchored strip plazas and other unenclosed shopping centres anchored by leading retailers. CREIT owns a 100% interest in 28 retail properties which comprise 2,537,000 square feet and at least a 50% interest in 8 other retail properties. CREIT's retail portfolio comprises 3,101,072 square feet in total.

CREIT's *industrial* property strategy is to focus on the acquisition and long-term ownership of distribution facilities, buildings used for light manufacturing and/or "flex-space" facilities whose size and configuration readily accommodate the diverse needs of a broad range of business tenants. CREIT owns a 100% interest in 55 industrial properties which comprise 4,484,261 square feet.

CREIT's *office* property strategy is to focus on the acquisition and long-term ownership of well-leased, quality office buildings in major Canadian markets, namely Toronto, Montreal, Vancouver, Calgary, Winnipeg and Halifax. CREIT owns a 100% interest in five office buildings which comprise 512,000 square feet and interests in four other partially owned office properties. CREIT's total office ownership comprises 894,674 square feet.

CREIT's *multi-family residential* strategy is to acquire properties in middle and high income neighbourhoods located in cities with favourable demographics. CREIT owns two multi-family residential buildings containing in aggregate 287 units, both located in Pointe-Claire, Quebec. The high cost of multi-family residential properties during the past two years and the resulting low available yield has resulted in no new multi-family residential acquisitions since 1998. As of the date of writing, CREIT had entered into an agreement to sell its two residential properties.

The chart below outlines the number of properties and square footage owned by the Trust in each of its geographic markets.

	Maritimes		Quebec		Ontario	
	Properties	Sq. Ft. 000s	Properties	Sq. Ft. 000s[2]	Properties	Sq. Ft. 000s
Office	1	139	1	107	4	328
Retail	5	104	2	138	6	788
Industrial	15	720	2	211	13	1,503
Multi-family residential[1]	–	–	2	287	–	–
	21	963	7	456	23	2,619

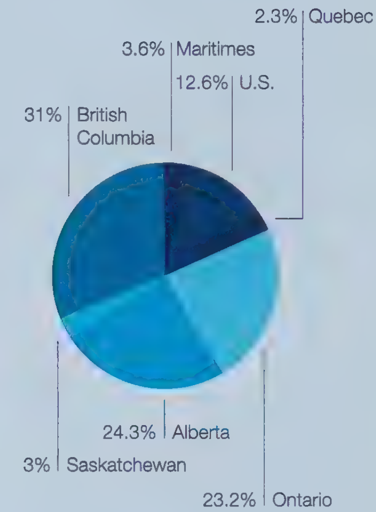
	Alberta		Prairies		British Columbia	
	Properties	Sq. Ft. 000s	Properties	Sq. Ft. 000s	Properties	Sq. Ft. 000s
Office	–	–	1	85	2	235
Retail	13	784	1	195	8	914
Industrial	25	2,050	–	–	–	–
Multi-family residential[1]	–	–	–	–	–	–
	38	2,834	2	280	10	1,149

	U.S.		Total	
	Properties	Sq. Ft. 000s	Properties	Sq. Ft. 000s[2]
Office	–	–	9	894
Retail	1	177	36	3,101
Industrial	–	–	55	4,484
Multi-family residential[1]	–	–	2	287
	1	177	102	8,479

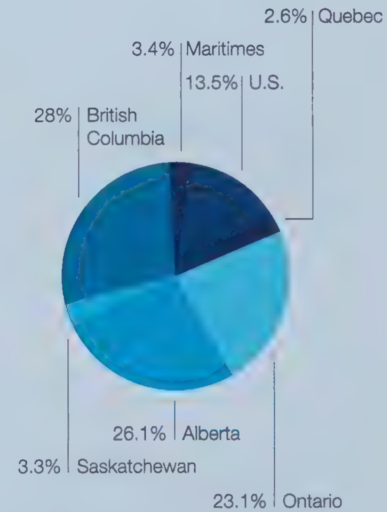
(1) Reflects units as opposed to square feet.

(2) Totals exclude multi-family residential units.

2000 Retail EBITDA* by Geographic Region
(percentage)



1999 Retail EBITDA* by Geographic Region
(percentage)



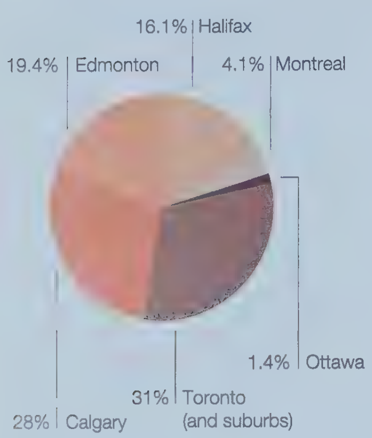
**EBITDA – Property Earnings Before Interest, Income Taxes, Depreciation and Amortization*

Review of Financial Results

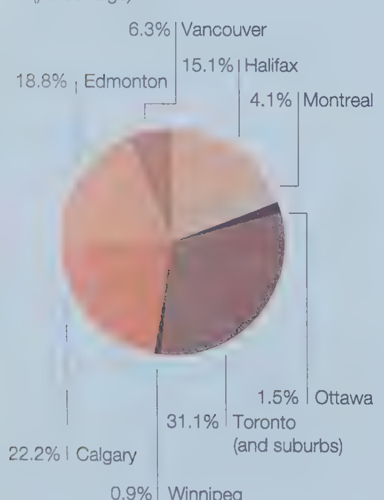
Net Income

Net income of the Trust increased by $10.2 million to $39.6 million in 2000 from $29.4 million in 1999, a 35% increase. Net income per Unit increased to $1.19 in 2000, compared to $0.88 in 1999. Income before non-recurring events set out below was $35.0 million in 2000, compared to $34.5 million in 1999.

2000 Industrial EBITDA* by City
(percentage)



1999 Industrial EBITDA* by City
(percentage)



**EBITDA – Property Earnings Before Interest, Income Taxes, Depreciation and Amortization*

Non-Recurring Events

Comparison of year-over-year results should take into account: (i) gains on disposition of properties of $4.6 million in 2000 versus $1.0 million in 1999, and (ii) certain activities in 1999 that were non-recurring in nature such as the termination of the Management Agreement and the receipt of a break fee on a merger attempt which did not materialize.

Rental Operations

Total property rental revenue increased by $7.5 million to $113.0 million in 2000 from $105.5 million in 1999, while property operating costs increased by $3.1 million to $40.2 million from $37.1 million in 1999.

In 2000, the Trust adopted the new recommendations of the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC") on accounting for tenant inducements in the form of free or lower than market rent. Under the new recommendations, the total amount of cash to be received from leases with free rent is accounted for on a straight-line basis. Rental revenue recorded in income during free rent periods is reflected in the balance sheet in accounts receivable. The new recommendation has been applied retroactively with restatement of comparative 1999 information. The effect of adopting the straight-line accounting method for rental revenues earned on leases with free rent is a decrease in property rental revenue of $711,000 (1999 – $591,000) and a corresponding decrease in amortization of leasing costs.

Total property revenues less operating costs (generally referred to as "net operating income" in the real estate industry) increased 3.1% on a "same-asset" basis for 2000 over 1999. Same asset refers to assets which were owned and operated by the Trust as income property for the entire twelve months ended December 31, 2000 and the entire twelve months ended December 31, 1999. The same-asset performance represented approximately 45% of the total year-over-year increase in net operating income. The balance of the increase is attributed to acquisition and disposition activities.

Same-Asset Increase

	$000s	%
Retail	$ 1,079	3.0%
Office	314	3.1
Industrial	614	4.5
Multi-family residential	(52)	(2.7)
	$ 1,955	3.1%

Mortgage and Bank Loan Interest

Mortgage and bank loan interest expense in 2000 increased 11.6% to $26.6 million from $23.8 million in 1999 primarily as a result of new mortgage debt associated with acquisitions throughout 1999, financing redevelopment projects and funding working capital needs.

In 2000 the Trust assumed or arranged $11.4 million of financing relating to a previously unencumbered asset, refinanced $37.0 million of debt, retired $29.4 million of debt upon maturity, eliminated $5.6 million of debt through a property disposition, with the purchaser assuming a portion of the existing debt, and repaid $6.9 million through amortized monthly payments.

The Trust also recorded a foreign currency translation increase of $1.6 million in the recorded amount of debt.

The weighted average cost of mortgage debt increased from 7.25% on December 31, 1999 to 7.33% on December 31, 2000, and the average term to maturity shortened from 4.4 years to 4.3 years.

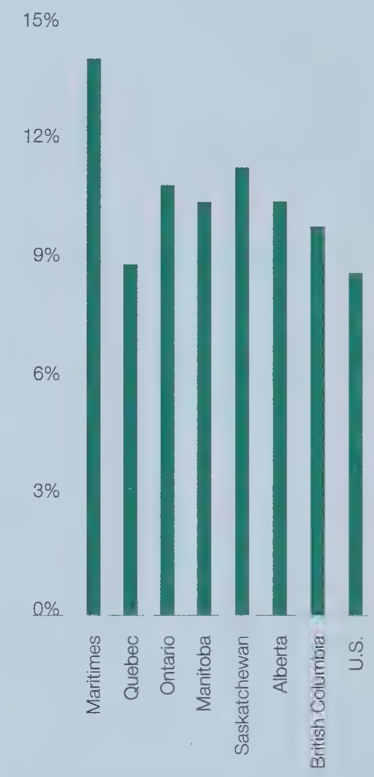
Management adopted a portfolio approach strategy as it relates to financing. The higher quality assets are financed to obtain the lowest rate, and lesser quality assets have low debt levels or no debt at all. On a portfolio basis, the overall leverage is limited to 50%. By adopting this approach, management believes it has negotiated a lower cost of debt than could be obtained by leveraging each asset to 50%. During 2000, the average spread over same-term Canada Bonds for mortgage financing costs was 167 basis points. This compares to an average spread of 163 basis points for financing during 1999. The four basis point increase can be attributed to a higher proportion of retail real estate financing during 2000 as compared to 1999 – where lenders have looked for an increased spread.

Management staggers the maturity of its debt so that the Trust is not faced with refinancing a substantial amount of debt as a percentage of the portfolio in any one year. This strategy helps to reduce exposure to interest rate fluctuations.

The table below outlines the mortgage maturity schedule of the Trust together with the weighted average interest rate on the debt maturing.

Mortgage Maturity	Principal ($000s)	% of Total	Weighted Average Interest Rate %
2001	$ 63,343	20.2%	8.41%
2002	50,635	16.1	7.31
2003	73,304	23.4	7.14
2004	32,827	10.5	6.80
2005	5,790	1.8	7.15
Thereafter	87,703	28.0	6.92
	$ 313,602	100.0%	7.33%

2000 Return on Book Value by Geographic Region*
(percentage)



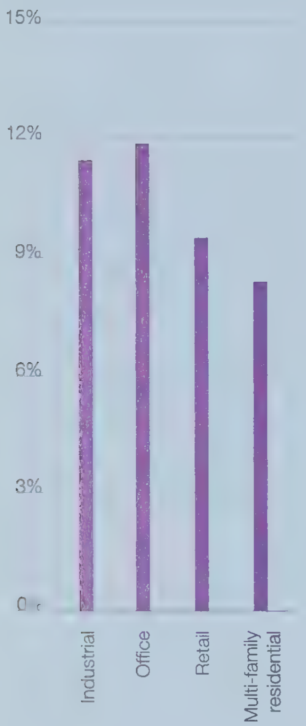
**Annualized return based on net operating income as a percentage of book value before accumulated depreciation*

Overall indebtedness as a percentage of total adjusted assets (total assets plus accumulated depreciation) increased marginally from 48.5% at December 31, 1999 to 48.8% at December 31, 2000.

Amortization of Leasing Costs

Amortization of leasing costs for 2000 increased approximately 44% to $3.3 million from $2.3 million in 1999. Leasing costs are deferred and amortized on a straight-line basis over the term of the respective leases. During 2000 the Trust incurred aggregate leasing costs of $7.0 million, plus an additional $2.0 million of free rent was granted as part of the inducement package for leasing activity.

2000 Return on Book Value by Asset Class*
(percentage)



Annualized return based on net operating income as a percentage of book value before accumulated depreciation

During the year CREIT completed approximately 2.1 million square feet of leasing activity, with an average cost of $4.40 per square foot leased. This compares to a four-year average cost of $4.25 per square foot leased.

Termination of the Manager

In 1999, the Trust determined that it would be in the best interest of Unitholders of the Trust to be a self-advised, self-managed real estate investment trust. Accordingly, during 1999, the Trust embarked on a two-phase Management Internalization process.

The first phase resulted in the termination of the Manager on July 2, 1999, and the Trust employing directly all former employees of the Manager.

The aggregate consideration paid by the Trust for the termination of the Management Agreement and the purchase of all of the assets of the Manager used in the provision of management services to the Trust was $7.5 million, satisfied by: (i) the issuance on July 2, 1999 of 367,346 Units of the Trust at $12.25 per Unit, representing $4.5 million, and (ii) $3 million in cash.

The Trust expensed the termination costs together with related professional fees and other costs associated with the termination in 1999.

In the second phase of internalization, subsequent to December 31, 2000, the Trust has terminated the Property Manager, Dorchester Oaks Property Management Inc. ("DOPMI") and has employed indirectly the former employees of the Property Manager.

The aggregate cash consideration paid by the Trust for the termination of the Property Management Agreement and the purchase of all of the assets of the Property Manager used in the provision of property management services to the Trust was $5 million.

Management anticipates a similar accounting treatment for the termination of the Property Manager as was recorded for the Manager.

Merger "Break Fee" Net of Costs

The Trust embarked upon two merger activities during 1999, one of which resulted in the Trust entering into a Merger Support Agreement with Avista Real Estate Investment Trust. Under the terms of the agreement, the Trust received a $4 million break fee as the Avista Real Estate Investment Trust Unitholders approved a resolution to accept a competing merger proposal. The cost of these merger activities was approximately $2.3 million, resulting in a net income of $1.7 million for the Trust in 1999. No such activity occurred during 2000.

Gain on Disposition of Property

During 2000 the Trust disposed of 272 Queen Street, a parcel of land located in Ottawa, Ontario, an interest in a vacant parcel of land located in Montreal, Quebec and a one-half interest in 220 Portage Avenue, an office building located in Winnipeg, Manitoba. These transactions resulted in a net book gain of $4.6 million.

Distributable Income

Distributable income increased 2.5% to $40.8 million in 2000 ($1.22 per weighted average Unit) from $39.8 million in 1999 ($1.20 per weighted average Unit).

The following table sets out the Trust's distributable income for 2000 and 1999:

(Thousands except per Unit amounts)	2000	1999	Change
Net income for the year	$ 39,617	$ 29,361	$ 10,256
add:			
Termination of the Management Agreement	–	7,863	(7,863)
Depreciation	5,734	5,275	459
	45,351	42,499	2,852
deduct:			
Gain on disposition of property	(4,595)	(969)	(3,626)
Merger break fee net of costs	–	(1,732)	1,732
Distributable income	$ 40,756	$ 39,798	$ 958
Distributable income per Unit	$ 1.22	$ 1.20	$ 0.02
Distributions paid per Unit	$ 1.17	$ 1.17	$ –
Distributions paid as a percent of distributable income	95.9%	97.5%	

The Trust's strategy has been to increase distributions paid at a slightly lower rate than the overall increase in distributable income to enhance the reliability and sustainability of distributions to Unitholders.

The Trust's objective is to "widen the gap" between distributable income and distributions paid so that the Trust can withstand a decline in the overall portfolio occupancy rate with no impact to our distributions. It is the Trust's intention to stabilize distributions at 90%–95% of distributable income.

Financial Condition

Funds from Operations

The Trust adopted the new recommendation of the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC") on funds from operations.

Funds from operations increased 8.9% to $44.0 million ($1.32 per weighted average Unit) in 2000 from $40.4 million ($1.22 per weighted average Unit) in 1999. This increase is primarily attributed to the portion of the termination payment to the Manager during 1999 that was paid in cash.

CIPPREC defines funds from operations as the equivalent of income before extraordinary items adjusted for future income taxes, depreciation and amortization of capital items and deferred leasing costs, any gain or loss on sale and provision against capital and undistributed profits of equity accounted investments and non-controlling interests.

In 2000, the Trust also adopted the new CIPPREC recommendation on accounting for the portion of tenant inducements in the form of free rent or lower than market rent. Accordingly, funds from operations reflects only the straight-line revenue in the period. As a result, funds from operations will be greater in situations when an inducement is paid in cash, either as a tenant improvement or as a tenant allowance, than when an inducement is in the form of free or lower than market rate rent.

Liquidity and Capital Resources

Total assets of the Trust remained relatively constant year over year at $731.3 million as at December 31, 2000, compared to $729.7 million as at December 31, 1999.

Total Assets

	December 31, 2000		December 31, 1999	
	$000s	%	$000s	%
Retail	$ 441,884	60.4%	$ 431,564	59.1%
Industrial	153,961	21.1	153,918	21.1
Office	103,174	14.1	111,090	15.2
Multi-family residential	21,898	3.0	21,912	3.0
Miscellaneous	8	–	3,562	0.5
Trust	10,335	1.4	7,651	1.1
	$ 731,260	100.0%	$ 729,697	100.0%

Total indebtedness as a percentage of total adjusted assets (total assets plus accumulated depreciation) as at December 31, 2000 was 48.8%, which translates into a year-end leverage capacity of an additional $18 million.

The operating plan of the Trust provides for the retention of cash or debt capacity to meet the capital and leasing requirements of operations, net of amortization, for a three-year period. The Trust believes it has sufficient unadvanced commitments under its credit facilities to fund ongoing leasing maintenance and renovation activities.

As the majority of the Trust's income is paid to Unitholders, opportunities for future growth of the portfolio are generally dependent upon access to new capital from the capital markets under favourable conditions.

Subsequent to the end of the year, the Trust announced that it had entered into an agreement to issue 4.2 million Trust Units (with an option for up to an additional 630,000 Units exercisable for a period of 30 days from the date of closing) for total proceeds of $50.4 million ($57.96 million if the option is exercised in full). Closing of this transaction was March 7, 2001.

Risk Management

All income property investments are subject to a degree of risk and uncertainty. Income property is affected by various factors including general economic conditions and local market circumstances.

Local business circumstances particularly affect income property investment. Such investments are subject to local risks such as oversupply of space or a reduction in demand. Management attempts to manage these risks through geographic diversification in the Trust's property portfolio. As at December 31, 2000, the Trust held 102 properties located in nine provinces of Canada and one state in the U.S.

The volatility of income by property type varies as a result of the distinct underlying real estate market cycles. By maintaining a diversified portfolio of differing property types, management believes it is better able to produce consistent, reliable performance from the portfolio. In addition, by investing in different property types, management feels it is better suited to take advantage of acquisition opportunities that may surface at various stages of the general economic cycle.

Management believes that real estate is a dynamic investment requiring active management to enhance value, optimize yield and mitigate risk for investors. Management deals with the complexities of the local business environment by delegating the day-to-day property management to DOPMI and other third party managers. DOPMI is organized on a regional basis, which benefits the Trust by allowing the regional DOPMI offices to focus on the local property business.

Management has organized its internalized property management operations with the same regional focus as the current DOPMI operations.

Financial Risks

The Trust is exposed to financial risks that arise from fluctuations in interest rates and in the credit quality of its tenants. Management deals with these risks as follows:

Interest Rate Risk

Floating rate debt is restricted by the terms of the Trust's operating plan to 10% of total assets plus accumulated depreciation. In addition, management attempts to structure the Trust's financings to stagger the maturities of debt, thereby mitigating the Trust's exposure to interest rate fluctuations.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Management mitigates the risk of credit loss by ensuring that the Trust's tenant mix is diversified and by limiting the Trust's exposure to any one tenant. Thorough credit assessments are conducted in respect of all new leasing. The Trust also maintains a portfolio that is diversified by property type so that exposure to individual tenants and business sectors is limited. Currently, no one tenant represents more than 2.5% of total revenues, and the top ten tenants collectively represent less than 20% of total revenues.

Portfolio Lease Roll-Over

	Sq. Ft.	%
2001	1,242,337	13.4%
2002	1,076,425	11.6
2003	1,144,368	12.3
2004	894,433	9.6
2005	901,465	9.7
Thereafter	3,762,937	40.4
Vacant (as of Dec. 31, 2000)	279,178	3.0
Total	9,301,143	100.0%

Lease Roll-Over by Segment

	Retail		Office		Industrial	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
2001	243,237	6.7%	120,129	10.1%	878,971	19.6%
2002	138,148	3.8	180,282	15.1	757,995	16.9
2003	183,192	5.1	130,249	10.9	830,927	18.5
2004	211,319	5.8	156,039	13.1	527,075	11.7
2005	280,203	7.7	83,981	7.0	537,281	12.0
Thereafter	2,482,233	68.6	470,119	39.3	810,585	18.1
Vacant (as of Dec. 31, 2000)	83,749	2.3	54,002	4.5	141,427	3.2
Total	3,622,081	100.0%	1,194,801	100.0%	4,484,261	100.0%

Further credit risks arise in the event that borrowers default on the repayment of their mortgages to the Trust. The Trust endeavours to ensure that adequate security has been provided in support of mortgages receivable.

Currency Risk

The Trust is also exposed to currency risk as it relates to its foreign assets. Changes in the applicable exchange rate could impact income to Unitholders.

To mitigate this risk relating to its foreign assets, the Trust has entered into forward exchange contracts to hedge the net income after interest expense.

Environmental Risk

The Trust is subject to various Canadian and United States laws relating to the environment which deal primarily with the costs of removal and remediation of hazardous substances. Environmental risk is relevant to the Trust's ability to sell or finance impacted assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against the Trust. Management is not aware of any material noncompliance with environmental laws or regulations with regard to the Trust's portfolio or of any pending or threatening actions, investigations or claims against the Trust relating to environmental matters.

The Trust has formal policies and procedures which deal with limiting environmental exposures in a proactive manner during every aspect of the property life cycle. In addition, as part of the Trust's risk management program, all assets are insured against environmental exposure.

Outlook

Ownership of commercial real estate and leasing of space involves risks associated with tenant failures. With no one tenant contributing greater than 2.5% of total revenues, the Trust is not dependent on the operating performance of any single tenant.

In February 2001, Cineplex Odeon filed for protection from its creditors under the Companies' Creditors Arrangement Act.

The Trust owns two properties occupied by Cineplex Odeon, who lease in total 48,514 square feet. Under their filing, Cineplex Odeon closed these theatres, and re-leasing efforts have begun on these locations. The potential annual impact on the Trust due to this vacancy, and assuming no re-leasing, is approximately 1% of gross revenues.

For 2001, the Trust is well positioned for growth. The proceeds of the recent equity issue will permit the acquisition of new property, which will lead to growth in distributable income. Further, the continuation of our co-investment strategy, coupled with the internalization of our property management, should result in higher yields on our investment from those investments involved in this program than we would otherwise experience.

Management is, however, uncertain as to the severity of the economic slowdown we now appear to be entering. A weak economic environment may impact occupancies and rental rates. This potential softening in the economy, which may lead to lower overall income on a same-asset basis, is an example of why the Trust's strategy to lower the distribution pay-out as a percentage of distributable income is so important.

Although the immediate future may result in some short-term challenges, management is confident and excited about the near and long-term business prospects for CREIT.

Changing the way people **think about real estate**

Financial contents

Auditors' Report

To the Unitholders of Canadian Real Estate Investment Trust

We have audited the consolidated balance sheets of Canadian Real Estate Investment Trust as at December 31, 2000 and 1999 and the consolidated statements of income, Unitholders' equity and cash flow for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Toronto, Ontario
March 15, 2001

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements and information included in this Annual Report have been prepared by management of the Trust, which is responsible for their consistency, integrity and objectivity. The Trust maintains appropriate systems of internal control, policies and procedures to ensure that its reporting practices and accounting administration procedures are efficient and of high quality.

Deloitte & Touche LLP, the independent auditors appointed by the Unitholders, are responsible for auditing the consolidated financial statements and giving an opinion thereon.

The consolidated financial statements have been reviewed and approved by the Board of Trustees and its Audit Committee. This Committee meets regularly with management and the auditors. The auditors have full and free access to the Committee.

Stephen Johnson

Stephen E. Johnson
President and
Chief Executive Officer
Toronto, Ontario

Timothy P. McSorley
Vice President and
Chief Financial Officer

Consolidated **balance** sheets

December 31, 2000 and 1999

	(Thousands of dollars)	2000	1999
Assets	Real estate assets		
	Income properties *(Note 3)*	$ 691,570	$ 698,917
	Mortgages receivable *(Note 4)*	7,529	5,391
		699,099	704,308
	Cash and cash equivalents	2,198	3,107
	Accounts receivable	6,362	4,783
	Deferred charges *(Note 5)*	21,711	16,336
	Other assets	1,890	1,163
		$ 731,260	$ 729,697
Liabilities	Mortgages payable *(Note 7)*	$ 313,602	$ 305,550
	Bank loan *(Note 8)*	52,603	54,644
	Accounts payable and accrued liabilities	16,850	21,508
		383,055	381,702
Unitholders' Equity	Unitholders' Equity *(Note 10)*		
	Issued and outstanding Units		
	(2000 – 33,361,673; 1999 – 33,417,702)	348,204	348,001
	Cumulative translation gain (loss)	1	(6)
		348,205	347,995
		$ 731,260	$ 729,697

Approved by the Trustees:

Robert Hewett
Trustee

Lawrence Morassutti, C.A.
Trustee

Consolidated statements of **income**

Years ended December 31, 2000 and 1999

	(Thousands of dollars except per Unit amounts)	2000	1999
Revenues	Property rental revenue *(Note 11)*	$ 113,010	$ 105,526
	Interest and other income	1,453	1,237
		114,463	106,763
Expenses	Operating costs *(Note 13)*	40,213	37,121
	Mortgage and bank loan interest	26,563	23,795
	Depreciation	5,734	5,275
	Amortization of leasing costs	3,265	2,252
	General and administrative	2,920	2,092
	Management fees *(Notes 13 and 14)*	–	1,286
	Amortization of financing costs	746	419
		79,441	72,240
	Income before the undernoted	35,022	34,523
	Gain on dispositions of property	4,595	969
	Merger break fee net of costs *(Note 20)*	–	1,732
	Termination of the Management Agreement *(Note 13(a))*	–	(7,863)
	Net income for the year	$ 39,617	$ 29,361
	Basic and diluted net income per Unit *(Note 15)*	$ 1.19	$ 0.88

Consolidated statements of **Unitholders' Equity**

Years ended December 31, 2000 and 1999

(Thousands of dollars)	2000	1999
Unitholders' Equity, beginning of year	$ 348,001	$ 352,420
Net income for the year	39,617	29,361
Subscriptions	1,276	5,090
Issue costs	(24)	(14)
Distributions	(39,001)	(38,856)
Units repurchased	(1,665)	–
Unitholders' Equity, end of year	$ 348,204	$ 348,001

Consolidated **cash flow** statements

Years ended December 31, 2000 and 1999

	(Thousands of dollars except per Unit amounts)	2000	1999
Net inflow (outflow) of cash related to the following activities			
Operating	Net income for the year	$ 39,617	$ 29,361
	Items not affecting cash		
	Depreciation	5,734	5,275
	Amortization of leasing costs	3,265	2,252
	Gain on dispositions of property	(4,595)	(969)
	Units issued for termination of the Management Agreement *(Note 13(a))*	–	4,500
	Funds from operations	44,021	40,419
	Deferred leasing costs	(7,022)	(5,181)
	Deferred recoverable maintenance costs	(1,204)	(986)
	Amortization of recoverable maintenance costs	478	456
	Deferred non-recoverable maintenance costs	(936)	(296)
	Amortization of non-recoverable maintenance costs	149	77
	Amortization of financing costs	746	419
	Changes in tenant receivables, net of allowance for bad debts	(286)	257
	Changes in other non-cash operating items	(6,310)	3,206
	Total operating activities	29,636	38,371
Financing	Proceeds of new mortgage financing	48,377	102,993
	Mortgage principal repayments	(6,925)	(6,011)
	Discharge of mortgages	(29,363)	(79,332)
	Net proceeds from issue of new Units	1,252	576
	Units repurchased	(1,665)	–
	Distributions to Unitholders	(39,001)	(38,856)
	Deferred financing costs	(860)	(1,196)
	Bank loan	(2,749)	8,673
	Total financing activities	(30,934)	(13,153)
Investing	Additions to income properties	(8,574)	(46,813)
	Capital expenditures	(116)	(522)
	Net proceeds from dispositions of property	6,319	23,875
	Mortgages receivable	3,200	(1,348)
	Other assets	(467)	168
	Total investing activities	362	(24,640)
	Foreign exchange gain (loss) on cash held in foreign currency	27	(40)
	(Decrease) increase in cash and cash equivalents	(909)	538
	Cash and cash equivalents, beginning of year	3,107	2,569
	Cash and cash equivalents, end of year	$ 2,198	$ 3,107
	Basic and diluted funds from operations per Unit *(Note 15)*	$ 1.32	$ 1.22

Years ended December 31, 2000 and 1999

Supplemental Cash Flow Disclosure

1. During 2000, the Trust disposed of a one-half interest in the property located at 220 Portage Avenue in Winnipeg for $8,830,000, with the co-owner assuming one-half of the existing mortgage in the amount of $5,625,000.

2. During 2000, 272 Queen Street, a property located in Ottawa, Ontario, was disposed at a price of $8,000,000, with the Trust assuming a take-back mortgage in the amount of $5,200,000.

3. During 1999, Barrhaven Crossing, a retail property located in Ottawa, Ontario, was disposed at a price of $8,308,000, with the purchaser assuming the existing mortgage in the amount of $5,238,000.

4. During 1999, 3100 Production Way, an industrial property located in Burnaby, British Columbia, was disposed at a price of $18,450,000, with the purchaser assuming the existing mortgage in the amount of $11,118,000.

5. During 1999, Phase III of Norwester, an industrial property located in Edmonton, Alberta, was acquired at a price of $7,719,000, paid partially with the conversion of a mortgage receivable in the amount of $3,642,000.

6. During 1999, Discovery Harbour Shopping Centre, a retail property located in Campbell River, British Columbia, was acquired at a price of $19,111,000, paid partially with an assumption of a mortgage in the amount of $11,552,000 and the conversion of a mortgage receivable in the amount of $7,000,000.

7. The cash interest paid during 2000 was $26,272,000 (1999 – $24,969,000).

Note 1 Organization of the Trust

Canadian Real Estate Investment Trust (the "Trust") is a "closed-end" real estate investment trust created for the benefit of the Unitholders. The Trust commenced active operations on behalf of the Unitholders on April 1, 1984.

Note 2 Significant Accounting Policies

The Trust's accounting policies and its standards of financial disclosure are in accordance with the recommendations of the Canadian Institute of Chartered Accountants and are substantially in accordance with recommendations of the Canadian Institute of Public and Private Real Estate Companies. The more significant of these policies are described below:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries.

(b) Income Properties

Income properties are stated at the lower of cost less accumulated depreciation and net recoverable amount (cost includes the original cost of the property, due diligence costs and other acquisition-related costs). The net recoverable amount represents the undiscounted estimated future net cash flow expected to be received from the ongoing use and residual worth of the properties.

Depreciation is recorded on buildings using a 5% forty-year sinking fund basis. Under this method, depreciation is charged to income at an amount which increases annually, consisting of a fixed annual sum together with a factor compounded at the rate of 5% per annum so as to fully depreciate the buildings over a forty-year period.

Properties under development are stated at the lower of cost and economic value. Cost includes initial acquisition costs, other direct costs, property taxes, interest, and operating revenues and expenses during the period of development.

(c) Leasing Costs

Leasing costs, including tenant inducements and leasing commissions, are deferred and amortized on a straight-line basis over the term of the respective leases. The unamortized balance of leasing costs is included in deferred charges.

In 2000, the Trust adopted the new recommendations of the Canadian Institute of Public and Private Real Estate Companies on accounting for tenant inducements in the form of free or lower than market rate rent. Under the new standard, the total amount of cash to be received from leases which provide a free rent concession is accounted for on a straight-line basis over the initial term of the lease. Rental revenue recorded in the Consolidated Statements of Income during free rent periods represents future cash receipts and is reflected in the Consolidated Balance Sheets in accounts receivable. The new standard has been applied retroactively with restatement of comparative information. The effect of adopting the straight-line accounting method for rental revenues earned on leases with free rent is a decrease in property rental revenue of $711,000 (1999 – $591,000) and a corresponding decrease in amortization of leasing costs.

(d) Financing Costs

Financing costs are deferred and amortized on a straight-line basis over the term of the respective indebtedness. The unamortized balance of financing costs is included in deferred charges.

(e) Maintenance Costs

Maintenance and repair costs are expensed against operations, while deferred maintenance costs, which are major items of repair or replacement, are amortized on a straight-line basis over the expected useful life of such major repair or replacement. The unamortized balance of deferred maintenance costs is included in deferred charges.

(f) Co-ownerships

The Trust's investment in co-ownerships is accounted for using the proportionate consolidation method.

(g) Translation of Foreign Currencies

The Trust has self-sustaining subsidiaries in the United States, which are financially and operationally independent. Assets and liabilities of these investments are translated at the rate of exchange in effect at the balance sheet date. The resulting net gains or losses are accumulated in a separate component of Unitholders' Equity. Revenue and expense items are translated at the average exchange rate for the year.

The Trust uses forward exchange contracts to manage its foreign exchange risk exposures. The resulting gains or losses on forward exchange contracts, which represent designated hedges of net income from the U.S. subsidiaries, are recorded in a separate component of Unitholders' Equity as an offset to the above gains or losses. Any excess gains or losses arising from differences between the notional amount of the forward exchange contracts and the income being hedged are recorded in the Consolidated Statements of Income.

(h) Cash Flow Statement

In the current year, the Trust adopted the new recommendations of the Canadian Institute of Public and Private Real Estate Companies on Cash Flow Statements.

(i) Per Unit Calculations

In the current year, the Trust adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to per Unit calculations and disclosures. The new standard has been applied retroactively and there are no material effects on the calculation of diluted net income per Unit and diluted funds from operations per Unit for 2000 or 1999.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Unit Option Plan

The Trust has a Unit Option Plan, as described in Note 10. No compensation expense is recognized for the Plan when Units or Unit Options are issued to employees or Trustees. Any consideration paid by employees or Trustees on the exercise of Options or the purchase of Units is credited to Unitholders' Equity. If Units or Unit Options are repurchased from employees or Trustees, the excess of the consideration paid over the carrying amount of the Unit or Unit Option cancelled is charged to Unitholders' Equity.

Note 3

Income Properties

(Thousands of dollars)

	2000			1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Freehold properties				
Land	$ 117,766	$ –	$ 117,766	$ 121,868
Buildings	552,518	18,592	533,926	537,955
	670,284	18,592	651,692	659,823
Leasehold properties	40,549	671	39,878	39,094
	$ 710,833	$ 19,263	$ 691,570	$ 698,917

Note 4

Mortgages Receivable

(a) Hull Wal-Mart, Hull, Quebec

The mortgages receivable from the co-owner of the Hull Wal-Mart property located in Hull, Quebec in the amount of $2.3 million are subrogated to the first mortgage loan payable. These mortgages, originally maturing on August 31, 1999 and June 28, 2000, have been extended for a term expiring July 1, 2001. Interest for both mortgages is set at 12%, payable monthly in arrears, and the interest rate decreases to 10% after certain amounts of further principal reduction are made.

(b) 272 Queen Street, Ottawa, Ontario

272 Queen Street was disposed with the Trust assuming a take-back mortgage in the amount of $5,200,000, bearing interest at a rate of 10% and maturing on July 28, 2002.

Note 5

Deferred Charges

(Thousands of dollars)

	2000	1999
Deferred leasing costs (net of accumulated amortization of $6,068 in 2000; $3,885 in 1999)	$ 15,152	$ 11,377
Deferred financing costs (net of accumulated amortization of $1,157 in 2000; $438 in 1999)	2,248	2,161
Deferred recoverable maintenance costs (net of accumulated amortization of $861 in 2000; $1,463 in 1999)	2,640	1,914
Deferred non-recoverable maintenance costs (net of accumulated amortization of $285 in 2000; $246 in 1999)	1,671	884
	$ 21,711	$ 16,336

Note 6 Co-ownerships

The following amounts represent the Trust's interest in co-ownerships:

(Thousands of dollars)	2000	1999
Assets	$ 129,643	$ 120,400
Liabilities	77,343	70,992
Revenues	19,760	17,762
Expenses	14,000	11,479
Cash flow from (applied to):		
Operating activities	5,982	5,557
Financing activities	330	4,310
Investing activities	(4,237)	2,476

The Trust is contingently liable for the obligations of its associates in certain joint ventures. The assets of the joint ventures are available and are sufficient for the purpose of satisfying such obligations.

Note 7 Mortgages Payable

Mortgages payable bear interest at a weighted average rate of 7.33% (1999 – 7.25%) per annum.

Mortgages payable are secured by first and/or second charges on the Trust's interest in income properties and contain various clauses including an assignment of leases and amounts due from property rentals.

Included in mortgages payable is a U.S. $28,326,000 (Cdn. $42,475,000) mortgage obligation secured by a U.S. property which bears interest at a rate of 7.03% (1999 – U.S. $28,758,000; Cdn. $41,506,000).

All mortgages payable bear interest at fixed rates except the first mortgage payable secured over the Hull Wal-Mart property in the amount of $6,445,365 (1999 – $5,242,965), which bears interest at prime plus 0.75%.

The mortgages are repayable as follows:

	(Thousands of dollars)
2001	$ 63,343
2002	50,635
2003	73,304
2004	32,827
2005	5,790
Thereafter	87,703
	$ 313,602

Note 8 Bank Loan

The Trust has a revolving credit facility limited to $72 million for acquisition and operating purposes, which is secured by mortgages on 27 properties. The credit facility is subject to annual renewal. Interest under this facility is dependent upon the manner in which funds are drawn. LIBOR-based advances are based upon LIBOR plus 1.5% per annum, prime-based advances are based upon prime plus 0.5% per annum, and a stamping fee of 1.50% per annum is charged for Bankers' Acceptances. The majority of funds drawn under this facility are LIBOR and Bankers' Acceptances. As at December 31, 2000, a total of $52.6 million, including U.S. $13.4 million, had been drawn (December 31, 1999 – $54.6 million, including U.S. $11.34 million).

Note 9 Interest on Debt

Interest incurred on all sources of financing is broken down as follows:

(Thousands of dollars)	2000	1999
Interest expensed on mortgages and bank loan	$ 26,563	$ 23,795
Interest capitalized on properties under development and redevelopment	81	107
Total interest incurred during the year	$ 26,644	$ 23,902

Note 10 Unitholders' Equity

(a) Units Issued and Outstanding

The number of Units issued and outstanding is as follows:

Balance, December 31, 1998	32,999,015
Issued for cash	16,362
Issued for reinvested distributions	26,979
Unit Options exercised	8,000
Issued for termination of the Management Agreement	367,346
Balance, December 31, 1999	33,417,702
Issued for cash	12,467
Issued for reinvested distributions	106,504
Cancellation of Units repurchased	(175,000)
Balance, December 31, 2000	33,361,673

(b) Unit Option Plan

On June 5, 1998 the Unitholders passed a resolution implementing a Unit Option Plan ("the Plan") in favour of the officers, employees and Trustees of the Trust and officers, employees and directors of Dorchester Oaks Property Management Inc. (a related party of the Trust as described in Note 13(b)) and certain subsidiaries of the Trust. The total number of Units in respect of which Options may be granted under the Plan may not exceed 2,473,464.

Options granted to participants of the Plan, other than Trustees of the Trust, will vest over a three-year period from the grant date. Options granted to Trustees vest on the grant date.

Participants of the Plan, other than Trustees of the Trust, are required to invest certain minimum amounts at the time they join the Plan, in Units of the Trust over a five-year period.

Pursuant to the Plan, the following activity occurred during 2000 and 1999:

Exercise Price	Unit Options Outstanding at December 31, 1999	Unit Options Granted	Unit Options Exercised	Unit Options Cancelled	Unit Options Outstanding at December 31, 2000	Unit Options Vested at December 31, 2000	Expiry Date
$ 9.68	–	244,000	–	25,000	219,000	14,000	April 3, 2010
$ 9.68	–	2,000	–	–	2,000	2,000	May 4, 2003
$10.50	170,000	–	–	50,000	120,000	120,000	December 22, 2008
$10.50	50,000	–	–	16,668	33,332	33,332	October 27, 2003
$10.50	20,000	–	–	6,668	13,332	13,332	March 15, 2003
$11.00	200,000	–	–	–	200,000	200,000	December 22, 2008
$11.00	48,000	–	–	–	48,000	48,000	November 12, 2008
$11.00	8,000	–	–	–	8,000	8,000	May 4, 2003
$11.17	–	21,000	–	–	21,000	21,000	October 5, 2010
$11.50	380,000	–	–	100,000	280,000	93,331	November 17, 2009
$12.05	28,000	–	–	–	28,000	28,000	June 30, 2009
$12.05	4,000	–	–	–	4,000	4,000	May 4, 2003
	908,000	267,000	–	198,336	976,664	584,995	

Exercise Price	Unit Options Outstanding at December 31, 1998	Unit Options Granted	Unit Options Exercised	Unit Options Cancelled	Unit Options Outstanding at December 31, 1999	Unit Options Vested at December 31, 1999	Expiry Date
$10.50	170,000	–	–	–	170,000	56,664	December 22, 2008
$10.50	50,000	–	–	–	50,000	16,666	October 27, 2003
$10.50	20,000	–	–	–	20,000	6,666	March 15, 2003
$11.00	200,000	–	–	–	200,000	66,666	December 22, 2008
$11.00	56,000	–	8,000	–	48,000	48,000	November 12, 2008
$11.00	8,000	–	–	–	8,000	8,000	May 4, 2003
$11.50	–	380,000	–	–	380,000	–	November 17, 2009
$12.05	–	28,000	–	–	28,000	28,000	June 30, 2009
$12.05	–	4,000	–	–	4,000	4,000	May 4, 2003
	504,000	412,000	8,000	–	908,000	234,662	

Note 11 Property Rental Revenue

Included in property rental revenue are recoveries of $33,308,000 (1999 – $30,336,000), which represent operating costs and property taxes recovered from tenants.

Note 12 Income Taxes

The Trust is taxed as a "Mutual Fund Trust" for Canadian income tax purposes. Pursuant to the Declaration of Trust, the Trustees intend to distribute or designate all taxable income to the Unitholders of the Trust and to deduct such distributions and designations for Canadian income tax purposes. Therefore, no provision for Canadian income taxes is required. The Trust is subject to taxation in the United States in connection with income earned in the United States. Such taxes paid, to the extent permitted, will be designated as a foreign tax credit to Unitholders of the Trust.

The carrying value of the Trust's net assets at December 31, 2000 exceeds the tax basis by approximately $78.2 million (1999 – $59.2 million).

Note 13 Related Party Transactions

(a) CREIT Management Inc. ("CMI") was the Manager of the Trust until July 2, 1999 and provided or arranged for the provision of research, accounting, transfer agency and management services to the Trust; provided advice with respect to the Trust's property investment portfolio, subject to the control and direction of the Trustees; and presented investment opportunities to the Trustees and the Investment Committee of the Trustees for their consideration. The former Manager was wholly-owned by Dorchester Oaks Corporation, an entity controlled by Stephen Johnson, President and Chief Executive Officer of the Trust, and Morris Shohet, a Trustee of the Trust.

Effective July 2, 1999, the Management Agreement with CMI was terminated, resulting in asset management services being provided directly by employees of the Trust. The aggregate consideration paid by the Trust for the termination of the Management Agreement and the purchase of all of the assets of the Manager used in the provision of management services to the Trust was $7.5 million, satisfied by: (i) the issuance on July 2, 1999 of 367,346 Units of the Trust at $12.25 per Unit, representing $4.5 million, and (ii) the payment of $3 million, paid during 1999.

During the years ended December 31, 2000 and 1999, the Trust paid the following fees to the former Manager:

	2000	1999
Management fees	$ –	$ 1,286,000
Acquisition fees on acquisition of properties	–	421,000
Disposition fees on disposition of properties	–	36,000
	$ –	$ 1,743,000

The acquisition fees are included as part of the cost of the relevant asset in the Consolidated Balance Sheets and the disposition fees are included in the Consolidated Statements of Income as part of the gain or loss on disposition.

(b) Dorchester Oaks Property Management Inc. (controlled by Dorchester Oaks Corporation) is the Property Manager of the majority of the Trust's properties. Under the Internalization Agreement dated April 30, 1999, the Trust agreed to terminate the Property Management Agreement and to directly acquire the assets of the Property Manager used in the provision of property management services to the Trust. The parties have agreed that the termination will have economic effect as of January 1, 2001.

The aggregate cash consideration to be paid by the Trust for the termination of the Property Management Agreement and the purchase of all of the assets of the Property Manager used in the provision of property management services to the Trust will be the lesser of: (i) the fair market value of the Property Management Agreement and such assets, as determined at the relevant time by an independent third party valuator, and (ii) $5 million.

During the years ended December 31, 2000 and 1999, the Trust paid the following fees to the Property Manager and other entities under common control:

	2000	1999
Property management fees, development fees, leasing commissions, and salaries and administrative recoveries	$ 6,859,000	$ 5,682,000

Property management fees and salaries and administrative recoveries are included in operating costs in the Consolidated Statements of Income. Payments of approximately $2,372,000 (December 31, 1999 – $1,780,000) were included in recoverable costs from tenants at the respective properties. The balance of the fees paid to the Property Manager is included as part of the relevant asset in the Consolidated Balance Sheets.

Note 14 Management and Other Fees

Management and other fees payable to CREIT Management Inc. and its affiliate prior to July 2, 1999 were calculated as follows:

i) An annual management fee payable monthly and calculated at the aggregate rate set forth below:

Adjusted Unitholders' Equity	Rate *(per annum)*
Up to $100 million	1.00%
Between $100 million and $200 million	0.75%
In excess of $200 million	0.50%

ii) A fee of 0.65% of the total acquisition price upon any purchase of income property by the Trust; and

iii) A fee of 0.25% of the total sale price upon any sale of income property by the Trust.

Note 15 Per Unit Calculations

Basic per Unit information is calculated based on the weighted average number of Units outstanding during the period, which amounted to 33,334,410 (1999 – 33,209,973). The calculation of per Unit information on a fully diluted basis considers the potential exercise of outstanding Unit purchase options to the extent that each option is dilutive. The weighted average number of Units outstanding during the period on a fully diluted basis amounted to 33,357,697 (1999 – 33,242,288).

Options to purchase 568,000 Units (1999 – 412,000 Units) at prices ranging from $11.00 to $12.05 per Unit (1999 – $11.50 to $12.05 per Unit) have been excluded from the calculation of the weighted average number of Units outstanding on a fully diluted basis because the options' exercise price is greater than the average market price of the Units. These options expire from 2003 to 2009 (1999 – 2003 to 2009).

Note 16 Risk Management and Fair Values

Risk Management

In the normal course of its business, the Trust is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

(a) Interest Rate Risk

Floating rate debt is restricted by the terms of the Trust's operating plan to an amount equal to 10% of total assets plus accumulated depreciation. In addition, the Trust attempts to structure its financings so as to stagger the maturities of its debt, thereby mitigating its exposure to interest rate fluctuations.

From time to time, the Trust may enter into interest rate swap contracts to modify the interest rate profile of its outstanding debt without an exchange of the underlying principal amount.

(b) Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates the risk of credit loss by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. Thorough credit assessments are conducted in respect of all new leasing. Further risks arise in the event that borrowers default on the repayment of their mortgages to the Trust. The Trust endeavours to ensure that adequate security has been provided in support of mortgages receivable.

(c) Currency Risk

The Trust is exposed to currency risk as it relates to its self-sustaining U.S. subsidiaries. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in income or expense.

The Trust mitigates this risk by matching foreign currency debt with foreign currency assets.

The Trust entered into forward exchange contracts to hedge the income after mortgage interest relating to its U.S. subsidiaries. At December 31, 2000, there are outstanding forward exchange contracts to sell a notional amount of U.S. $292,800, maturing over the next twelve months at an exchange rate of Cdn. $1.4995.

Fair Values

The fair values of the majority of the Trust's financial assets and liabilities, representing net working capital, approximate their recorded values at December 31, 2000 due to their short-term nature.

The fair value of the Trust's mortgages receivable approximates carrying value as economic circumstances have not changed significantly since the mortgages were negotiated.

The fair value of the Trust's mortgages payable exceeds the recorded value by approximately $0.1 million at December 31, 2000 (December 31, 1999 – $(5.1) million) due to changes in interest rates since the dates on which the individual mortgages were assumed. The fair value of mortgages payable has been estimated based on the current market rates for mortgages with similar terms and conditions.

The fair value of the outstanding forward exchange contracts, based on cash settlement requirements at December 31, 2000, is nil (1999 – $(1,789)).

Note 17 Segmented Financial Information

The Trust's operations cover various types of real estate properties located in two countries. The following summaries present segmented financial information for these property types and geographic locations:

2000 *(Thousands of dollars)*

	Retail	Industrial	Office	Multi-Family	Misc.	Trust	Total
Property rental revenue	$ 60,163	$ 26,455	$ 22,875	$ 3,362	$ 55	$ 100	$ 113,010
Operating costs	(18,904)	(9,076)	(10,457)	(1,489)	(24)	(263)	(40,213)
Amortization of leasing costs	(1,100)	(1,152)	(885)	–	(1)	(127)	(3,265)
Depreciation	(3,427)	(1,210)	(927)	(170)	–	–	(5,734)
Gain (loss) on dispositions of property	(2)	(4)	(31)	–	4,632	–	4,595
Total assets	441,884	153,961	103,174	21,898	8	10,335	731,260
Additions to income properties	8,600	(19)	(7)	–	–	–	8,574
Capital expenditures	14	–	7	95	–	–	116

2000 *(Thousands of dollars)*

	Canada								
	B.C.	Alberta	Prairies	Ontario	Quebec	Maritimes	U.S.	Trust	Total
Property rental revenue	$ 24,115	$ 26,310	$ 5,784	$ 33,952	$ 7,570	$ 9,054	$ 6,125	$ 100	$ 113,010
Operating costs	(8,023)	(8,004)	(2,963)	(13,161)	(3,511)	(3,327)	(961)	(263)	(40,213)
Amortization of leasing costs	(664)	(941)	(188)	(549)	(198)	(475)	(123)	(127)	(3,265)
Depreciation	(1,368)	(1,438)	(206)	(1,580)	(365)	(345)	(432)	–	(5,734)
Gain (loss) on dispositions of property	(5)	–	(30)	4,671	(41)	–	–	–	4,595
Total assets	168,903	179,727	20,630	198,304	48,694	43,318	61,349	10,335	731,260
Additions to income properties	(35)	1,135	(7)	5,631	1,948	(98)	–	–	8,574
Capital expenditures	14	–	–	7	95	–	–	–	116

1999 *(Thousands of dollars)*

	Retail	Industrial	Office	Multi-Family	Misc.	Trust	Total
Property rental revenue	$ 56,405	$ 26,036	$ 19,197	$ 3,250	$ 638	$ –	$ 105,526
Operating costs	(18,199)	(8,903)	(8,367)	(1,325)	(327)	–	(37,121)
Amortization of leasing costs	(645)	(785)	(687)	–	(8)	(127)	(2,252)
Depreciation	(3,092)	(1,181)	(838)	(164)	–	–	(5,275)
Gain (loss) on dispositions of property	915	83	(29)	–	–	–	969
Total assets	431,564	153,918	111,090	21,912	3,562	7,651	729,697
Additions to income properties	29,479	21,918	17,606	4	–	–	69,007
Capital expenditures	92	–	–	422	8	–	522

1999 *(Thousands of dollars)*

	Canada								
	B.C.	Alberta	Prairies	Ontario	Quebec	Maritimes	U.S.	Trust	Total
Property rental revenue	$ 23,400	$ 24,049	$ 2,897	$ 33,502	$ 7,223	$ 7,987	$ 6,468	$ –	$ 105,526
Operating costs	(7,849)	(7,264)	(1,477)	(13,178)	(3,193)	(3,066)	(1,094)	–	(37,121)
Amortization of leasing costs	(546)	(473)	(138)	(416)	(146)	(370)	(36)	(127)	(2,252)
Depreciation	(1,293)	(1,305)	(99)	(1,508)	(340)	(318)	(412)	–	(5,275)
Gain (loss) on dispositions of property	948	–	(894)	915	–	–	–	–	969
Total assets	169,596	177,997	29,397	196,901	47,163	42,688	58,304	7,651	729,697
Additions to income properties	19,442	22,974	17,615	6,838	1,251	887	–	–	69,007
Capital expenditures	34	28	–	–	438	–	22	–	522

A reconciliation of statement of income line items noted above to net income is not considered necessary as all other line items on the face of the Consolidated Statement of Income are not allocated by the Trust to defined segments.

Note 18 Commitments

(a) Letters of Credit

As of December 31, 2000, the Trust had issued letters of credit in the amount of $194,031 (1999 – $689,059).

(b) Expansion Lands

In the event that certain expansion lands relating to various properties are developed, the Trust may be required to invest an additional $15 million.

Note 19 Pension Plan

Effective July 2, 1999, the Trust assumed all of the employees of the former Manager. The pension plan assets related to these employees were transferred to the pension plan established by the Trust, which is a defined contribution pension plan. The Trust has incurred current service costs in the amount of $31,875 during 2000. No provision for future contributions is required and there is no amortization of past service costs included in the current service cost.

Note 20 Merger Break Fee Net of Costs

On August 31, 1999 the Trust entered into a merger support agreement (the "Agreement") with Avista Real Estate Investment Trust ("Avista"), whereby the Trust offered to acquire all of the assets and assume all of the liabilities of Avista in exchange for Units of the Trust. On October 20, 1999 the Avista Unitholders approved a competing offer and under the terms of the Agreement, the Trust received a $4 million break fee. The break fee, net of the costs associated with the offer and net of the costs associated with an earlier and unrelated merger attempt, was $1.732 million during 1999.

Note 21 Subsequent Events

(a) Subsequent to the year end, the Trust entered into an agreement to issue 4.2 million Units (with an option for up to an additional 630,000 Units) at a price of $12 per Unit for total proceeds of $50.4 million ($57.96 million if the option is exercised in full).

(b) Subsequent to the year end, the Trust terminated the Property Management Agreement and purchased all of the assets of the Property Manager used in providing property management services to the Trust for cash consideration of $5 million.

Note 22 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Board of Trustees

* Investment Committee † Audit Committee ** Governance Committee

David Philpott*†**
Chairman of the Board

President, D. G. Philpott & Associates Limited (real estate business consulting firm) since 1972. Mr. Philpott has been a Director of Seel Mortgage Investment Corporation since 1972, and was Chairman between 1981 and 1992. He was a Trustee of MD Realty Fund prior to 1994 and a member of the Advisory Board to MD Realty between 1994 and September 30, 1996. Mr. Philpott has more than 45 years experience in the real estate industry, having been a founding director of Trizec Corporation and executive VP of the Cadillac Fairview Corporation. Mr. Philpott has been a Trustee of CREIT since September 1996.

Stephen Johnson
President and Chief Executive Officer

President and Chief Executive Officer of Canadian Real Estate Investment Trust since September 1996. Principal, the Dorchester group of companies (real estate and energy companies) since 1993. Previously President of DS Marcil Inc. (real estate corporate finance). Mr. Johnson has more than 20 years experience in the real estate industry and has been a Trustee of CREIT since September 1996.

Robert J. S. Gibson**

President and Chief Executive Officer of Stuart & Company Limited (investment company) since January 1993. Mr. Gibson has been a Director of Alsten Holdings Ltd. (real estate development and management company) since 1978 and is currently a Managing Director. Mr. Gibson has been a Trustee of CREIT since November 1997.

Dr. **Stanley** Hamilton*

Professor and Associate Dean, Urban Land Economics, University of British Columbia. Dr. Hamilton was a Trustee of MD Realty Fund prior to 1994 and a member of the Advisory Board of MD Realty Fund between 1994 and September 30, 1996. Dr. Hamilton has been a Trustee of CREIT since September 1996.

Robert Hewett†

President and Chief Executive Officer of CMA Holdings Incorporated and a number of its subsidiary companies, including MD Management Limited. Mr. Hewett assumed his position with MD Management Limited at the end of January 1997. Previously he was President, English Language Broadcasting Division, Telemedia Inc. Mr. Hewett has been a Trustee of CREIT since September 1996.

Lawrence Morassutti†

Chairman and Chief Executive Officer, The Morassutti Group (real estate investment, management and consulting). Mr. Morassutti has been a Trustee of CREIT since 1990. He has appeared as an expert witness on real estate valuation matters before a variety of courts and government regulatory bodies across Canada.

Morris Shohet*

Principal, the Dorchester group of Companies (real estate and energy companies). Mr. Shohet was a co-founder of Dorchester and has more than 30 years continuous experience in all aspects of real estate development and asset management. Mr. Shohet has been a Trustee of CREIT since September 1996.

John A. Vivash**

President and Chief Executive Officer of Tesseract Financial Inc. Prior to that Mr. Vivash was President and Chief Executive Officer of Manulife Securities International Limited. From March 1990 until September 1995, Mr. Vivash was President of CIBC Securities Limited. Mr. Vivash provides management and governance services to a variety of organizations and is a director of a number of public and private companies. Mr. Vivash has been a Trustee of CREIT since September 1996.

Robert Witterick, Q.C.*

Solicitor, Smith Lyons, Barristers and Solicitors. Mr. Witterick has been a partner at Smith Lyons specializing in taxation and corporate/commercial law, with particular emphasis on the taxation and structuring of real estate investments and real estate syndications. Mr. Witterick has been a Trustee of CREIT since 1990.

Unitholder Information

The closing price of Units on The Toronto Stock Exchange on February 28, 2001 was $11.95 per Unit.

Historical Distributions/Unit Price Information

The following table shows the high and low prices for the Trust's Units on The Toronto Stock Exchange and cash distributions paid for the periods indicated.

Year ended Dec. 31, 2000	High	Low	Distributions per Unit
1st Quarter	$ 10.55	$ 8.80	$ 0.2925
2nd Quarter	$ 11.45	$ 9.60	$ 0.2925
3rd Quarter	$ 11.75	$ 10.85	$ 0.2925
4th Quarter	$ 11.70	$ 10.50	$ 0.2925
Total			$ 1.17
2001			
January	$ 12.95	$ 11.40	$ 0.0975
February	$ 12.75	$ 11.85	$ 0.0975

Distributions to Unitholders are paid monthly.

Stock Exchange Listing

Units of CREIT are listed on The Toronto Stock Exchange under the trading symbol "REF.UN".

Investor Information

Analysts, Unitholders and others seeking financial data should contact:

Tim McSorley (CFO): (416) 921-7771 (Ext. 258)

or

Leslie Haddow: (416) 921-7771 (Ext. 252)

Canadian Real Estate Investment Trust

130 Bloor Street West, Suite 1001
Toronto, Ontario, Canada M5S 1N5
Tel: (416) 921-7771
Fax: (416) 921-3435
Web site: www.creit.ca

Distribution Reinvestment and Unit Purchase Plans

CREIT's Distribution Reinvestment and Unit Purchase Plans provide Unitholders who are direct registrants with an opportunity to conveniently and economically increase their ownership in CREIT. Unitholders may have their distributions and/or optional cash investments automatically directed to our Registrar and Transfer Agent to purchase additional Units without paying any brokerage commissions. Please note, Canada Customs and Revenue Agency (formerly Revenue Canada) ruled in 2000 that participation in these plans at a discount is a benefit. Information describing the Plans and enrollment forms are available from CREIT's Web site (www.creit.ca) or by calling (416) 921-7771 (Ext. 252).

Taxation of Distributions

The Trust has determined that distributions paid to its Unitholders in respect of the tax year ending December 31, 2000 are taxed as follows:

Other income	33.19%
Capital gain	11.75%
Reduction of adjusted cost base	55.06%

Plan Eligibility

• RRSP • RRIF • DPSP • RPP

Registrar and Transfer Agent

Investors are encouraged to contact our Registrar and Transfer Agent, CIBC Mellon Trust Company, for information regarding their security holdings. They can be reached at:

CIBC Mellon Trust Company
P.O. Box 1, 320 Bay Street, Toronto, Ontario M5H 4A6
Answerline™: (416) 643-5500 or 1-800-387-0825
(Toll-free throughout North America)
Fax: (416) 643-5501
Web site: www.cibcmellon.ca
E-mail: inquiries@cibcmellon.ca

Industry Associations

CREIT is a member of the International Council of Shopping Centers (ICSC) and the Canadian Institute of Public and Private Real Estate Companies (CIPPREC).

Auditors

Deloitte & Touche LLP

Legal Counsel

Torys

Annual and General Meeting of Unitholders

The annual and general meeting of Unitholders will be held at 10:30 a.m. on Friday, May 18, 2001 at the Board of Trade, 4th Floor, Boardrooms A–D, One First Canadian Place, Toronto (Adelaide Street entrance). Our annual and general meeting can be seen on our Web site (www.creit.ca) following the meeting.

Distribution Reinvestment Plan and **Unit** Purchase Plan

CREIT Unitholders who are direct registrants are able to conveniently and economically increase their holdings in CREIT by taking advantage of the Trust's Distribution Reinvestment Plan and Unit Purchase Plan.

Distribution Reinvestment Plan

Monthly distributions are automatically reinvested in additional CREIT Units without payment of any brokerage commissions. The price of Units purchased with such distributions will be 97% of the weighted average price at which Units of CREIT have traded on the TSE for the five trading days immediately preceding the distribution date.

Unit Purchase Plan

Optional periodic cash investments in additional CREIT Units may be made without paying any brokerage commissions. Minimum purchases of $250 per purchase and maximum purchases of $25,000 per year are permitted under the Plan. Optional cash payments are invested at the weighted average price at which Units of CREIT have traded on the TSE for the five trading days preceding the date of purchase of additional Units (first day of each calendar month). Distributions on Units held under the cash option plan are automatically reinvested in additional CREIT Units.

Participants in the Unit Purchase Plan can elect to use the Automatic Investment Service, similar to pre-authorized chequing, which allows for automatic withdrawal from your bank account should you wish to make regular periodic purchases.

Plans are offered only to Canadian resident registered holders of Units, meaning those Unitholders who hold their Units in certificate form. This is necessary in order to allow for the administration of the Plans by our Registrar and Transfer Agent – CIBC Mellon Trust Company.

In order to participate you must first become a direct registrant of CREIT. If you are not already a direct registrant and you wish to participate in the Plans, you must request a share certificate from your broker in respect of your CREIT Units. It is likely that your broker will charge you a service fee (in the $30–$60 range) in order to deliver the certificate to you. This fee will be offset by your future savings in brokerage commissions since all

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Questionnaire

Thank you in advance for completing this questionnaire.

1. Did this annual report help you understand our basic business, strategy and future prospects? ☐ Yes ☐ No
2. How did you first learn of CREIT?
   ☐ Internet ☐ Broker ☐ Friend ☐ Newspaper ☐ Other
3. In the future, would you be interested in receiving our annual report, proxy statement and quarterly reports via the Internet? ☐ Yes ☐ No
4. Did you use the Internet Proxy Voting service we told you about in the covering letter we sent to you with the annual meeting information materials? ☐ Yes ☐ No

   If no, in the future would you vote on the Internet? ☐ Yes ☐ No
5. If you would like to receive CREIT press releases by fax or e-mail, please provide complete contact information:

   Name: ____________________

   Address: ____________________

   ____

   Fax: ____________________

   E-mail: ____________________
6. We welcome any comments you may have:

   ____
7. To submit your comments electronically, please e-mail us at info@creit.ca

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Fax: (416) 643-5501
Web site: www.cibcmellon.ca
E-mail: inquiries@cibcmellon.ca

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PO BOX 40553 STN BRM B
TORONTO ON M7Y 5J1

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Participants in the Unit Purchase Plan can elect to use the Automatic Investment Service, similar to pre-authorized chequing, which allows for automatic withdrawal from your bank account should you wish to make regular periodic purchases.

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In order to participate you must first become a direct registrant of CREIT. If you are not already a direct registrant and you wish to participate in the Plans, you must request a share certificate from your broker in respect of your CREIT Units. It is likely that your broker will charge you a service fee (in the $30–$60 range) in order to deliver the certificate to you. This fee will be offset by your future savings in brokerage commissions since all administrative costs of the Plans are borne by CREIT. We recommend that you then arrange for safekeeping of your certificate (e.g., in a safety deposit box) to prevent the possible loss of your certificate.

Once you have received your certificate, please contact CREIT in order to request an information package including full Plan details along with an enrollment form, available on our Web site as well – www.creit.ca.

Please refer to "Income Tax Considerations," page 5 of the Plan document.

For further information regarding CREIT's Distribution Plan and Unit Purchase Plan, please contact CREIT at:

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Toronto, Ontario M5S 1N5
Tel: (416) 921-7771 (Ext. 252)
Fax: (416) 921-3435

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